

Report on the

Board of Public Accountancy

Montgomery, Alabama



**Department of
Examiners of Public Accounts**
50 North Ripley Street, Room 3201
P.O. Box 302251
Montgomery, Alabama 36130-2251
www.examiners.alabama.gov

Ronald L. Jones, Chief Examiner

State of Alabama
Department of
Examiners of Public Accounts

Telephone (334) 242-9200

FAX (334) 242-1775

Ronald L. Jones
Chief Examiner

Mailing Address:
P.O. Box 302251
Montgomery, AL 36130-2251

Location:
Gordon Persons Building
50 North Ripley Street, Room 3201
Montgomery, AL 36104-3833

July 27, 2011

Senator Paul Bussman
Chairman, Sunset Committee
Alabama State House
Montgomery, AL 36130

Dear Senator Bussman,

This report was prepared to provide information for use by the Sunset Committee in conducting its review and evaluation of the operations of the **Alabama Board of Public Accountancy** in accordance with the *Code of Alabama 1975*, Section 41-20-9.

The report contains unaudited information obtained from the management, staff, and records of the **Alabama Board of Public Accountancy**, in addition to information obtained from other sources.

Please contact me if you have any questions concerning this report.

Sincerely,



Ronald L. Jones
Chief Examiner

Examiner
Daniel Dupree

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PROFILE

Purpose / Authority

The Board of Public Accountancy is the state's licensing and regulatory agency for the practice of public accounting. The board was created by Act 997, *Acts of Alabama 1973* and is codified as the *Code of Alabama 1975*, Sections 34-1-1 through 34-1-22.

<u>Characteristics</u>	
Members and Selection	<p>Seven (7) members appointed by the governor consisting of:</p> <ul style="list-style-type: none"> • Five (5) who are licensed as certified public accountants • One (1) who is licensed as a public accountant • One (1) public member <p>The members who are licensed as certified public accountants and the public member are appointed by the governor from a list of five nominees selected by the Alabama Society of Certified Public Accountants.</p> <p>The public accountant position is appointed by the governor from a list of five nominees selected by the Alabama Association of Accountants.</p> <p>Members must be confirmed by the Senate.</p> <p><i>Code of Alabama 1975</i>, Section 34-1-3(a),(c),(d)</p>
Term	<p>Four-year terms, staggered.</p> <p>Members who have served two successive complete terms are not eligible for reappointment until one year has elapsed.</p> <p>Members continue to serve until a successor is appointed and confirmed.</p> <p><i>Code of Alabama 1975</i>, Section 34-1-3(b),(e)</p>
Qualifications	<ul style="list-style-type: none"> • United States citizen and Alabama resident • Five must be certified public accountants licensed by the board. • One must be a public accountant licensed by the board. • One public member, who is not under the jurisdiction of the board, but who is an active and reputable member of the Alabama business community with a knowledge and understanding of financial transactions statements <p><i>Code of Alabama 1975</i>, Section 34-1-3(a)</p>

Racial Representation	No statutory requirement. One black member serving											
Geographical Representation	No statutory requirement.											
Consumer Representation	One public member appointed by the governor. One currently serving. <i>Code of Alabama 1975</i> , Section 34-1-3(a)											
Other Representation	No statutory requirement.											
Compensation	Members of the board are paid the same per diem and travel allowance paid to state employees for each day the member is actively engaged in the official business of the board. <i>Code of Alabama 1975</i> , Section 34-1-3(n)											
<u>Operations</u>												
Administrator	J. Lamar Harris, CPA, Executive Director Appointed by the board. Current annual salary \$170,496 Salary set by the board. <i>Code of Alabama 1975</i> , Section 34-1-3(l)											
Location	RSA Plaza, Suite 226 770 Washington Avenue Montgomery, AL 36104 Office hours: 8:00-5:00, M-F											
Examinations	Applicants must pass the Uniform Certified Public Accountant Examination prepared by the American Institute of Certified Public Accountants (AICPA) in order to be licensed as a certified public accountant. The exam is by computer. The exam is administered during the first two months of each quarter at Prometric Test Centers in Birmingham, Dothan, Huntsville, Mobile, and Montgomery. The exam is graded by the AICPA. See the examination section of this report for pass / fail statistics. <i>Code of Alabama 1975</i> , Section 34-1-4											
Licensees	Current Licensees as of September 30, 2010 <table><tr><td>Certified Public Accountant</td><td>8,972</td></tr><tr><td>Public Accountant</td><td>76</td></tr><tr><td>CPA Firm</td><td>1,100</td></tr><tr><td>Non-Licensee Owner</td><td>20</td></tr><tr><td>Total</td><td>10,168</td></tr></table>		Certified Public Accountant	8,972	Public Accountant	76	CPA Firm	1,100	Non-Licensee Owner	20	Total	10,168
Certified Public Accountant	8,972											
Public Accountant	76											
CPA Firm	1,100											
Non-Licensee Owner	20											
Total	10,168											

Reciprocity	<p>Certified public accountants from other jurisdictions transferring into Alabama are required to obtain a reciprocal certificate within 24 months from the date of transfer. The board may issue a certificate as a certified public accountant to any person who:</p> <ul style="list-style-type: none"> • Pays a fee of \$100 • Meets the equivalent of the educational requirements of the state of Alabama, and who is the holder of a certificate as a certified public accountant, then in full force and effect, issued under the laws of any state <p>The board issues certificates to applicants who meet these conditions. There are no state-specific agreements.</p> <p><i>Code of Alabama 1975</i>, Section 34-1-4(e). <i>Code of Alabama 1975</i>, Section 34-1-6(a)(4).</p>
Renewals	<p>All permits expire annually on September 30, and must be renewed by December 31. On-line renewal is available. In 2010, 20% of licensees renewed online.</p> <p><i>Code of Alabama 1975</i>, Section 34-1-11(a)</p>
Continuing Education	<p>Continuing education is required to renew an active permit. The board currently requires 40 hours of continuing education annually.</p> <p><i>Code of Alabama 1975</i>, Section 34-1-11(c)</p>
Employees	<p>Six at-will employees, no employment contracts.</p> <p><i>Code of Alabama 1975</i>, Section 34-1-3(l)</p>
Legal Counsel	<p>William D. Little, Assistant Attorney General, an employee of the Office of the Attorney General</p>
Subpoena Power	<p>Subpoena of witnesses and records.</p> <p><i>Code of Alabama 1975</i>, Section 34-1-14(e)</p>
Internet Presence	<p>http://www.asbpa.alabama.gov Information available includes:</p> <ul style="list-style-type: none"> • Administrative code / Statutes • A list of staff / board members • Contact information • Change of information forms • Complaint procedures • Examination / registration forms • Licensee search • Links (Associations, etc.) • Online renewal (Alabama Interactive)

Attended Board Member Training	Attended during the last four years: 2 – Current board members 1 – Former board member 1 – Executive Director 1 – Chief Fiscal Officer
<u>Financial</u>	
Source of Funds	Examination fees, Licensing fees, Penalties
State Treasury	The board operates through the State Treasury (Fund 0352) <i>Code of Alabama 1975</i> , Section 34-1-22
Required Distributions	None
Unused Funds	The board retains year-end fund balances. <i>Code of Alabama 1975</i> , Section 34-1-22

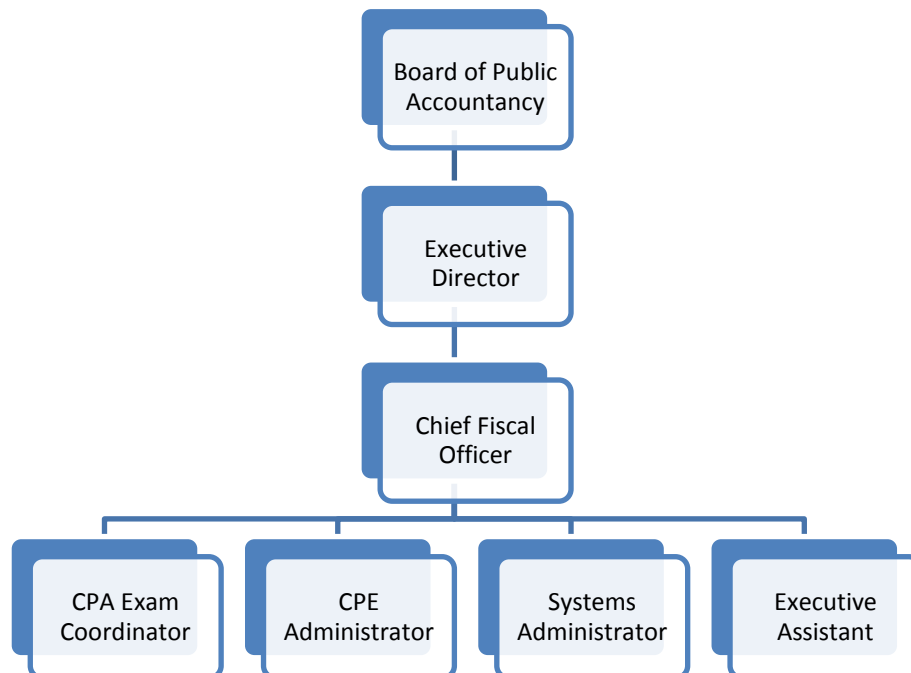
SIGNIFICANT ISSUES

No current significant issues.

STATUS OF PRIOR FINDINGS

All prior findings have been resolved.

ORGANIZATION



PERSONNEL

The board employs an executive director and five at-will employees. The *Code of Alabama 1975*, §34-1-3(l) states: “The executive director and other employees of the board shall not be subject to or governed by the provisions of the state Merit System law but shall be entitled to all benefits accruing to Merit System employees including, but not limited to, the right to accumulate leave, participate in the Employees' Retirement System, and participate in the State Employees' Health Insurance Plan.”

Schedule of Employees By Classification/Sex/Race							
	#	B/M	W/M	B/F	W/F	O/M	O/F
<u>At Will (no written contract)</u>							
Executive Director	1		1				
Chief Fiscal Officer	1				1		
CPA Exam Coordinator	1				1		
CPE Administrator	1				1		
Systems Administrator	1				1		
Executive Assistant	1				1		
Total	6		1		5		

B/M=black male, W/M=white male, B/F=black female, W/F=white female, O/M=other male, O/F=other female

William D. Little, an employee of the Attorney General’s office, provides legal counsel to the board.

PERFORMANCE CHARACTERISTICS

Number of Licensees per Employee – 1,695 as of September 30, 2010

Number of Persons per Licensee in Alabama and Surrounding States

	Population*	Licensees	Persons Per Licensee
Alabama	4,779,736	10,168	470
Florida	18,801,310	28,511	659
Georgia	9,687,653	19,936	486
Mississippi	2,967,297	5,350	554
Tennessee	6,346,105	15,544	408

*Source – 2010 US Census

Operating Disbursements per Licensee (Fiscal Year 2010) - \$109.46

Notification to Licensees of Board Decisions to Amend Administrative Rules

The board complied with notification procedures prescribed in the Administrative Procedure Act, which includes publication of proposed rules in the Administrative Monthly, and public hearings on proposed rules. Proposed rule changes are also posted on the board's website.

Examinations

The Uniform CPA examination consists of four sections: Auditing and Attestation, Financial Accounting and Reporting, Regulation, and Business Environment and Concepts. Candidates must pass all four sections in an eighteen month period, which begins when one section is passed. Examination passing statistics are presented in the table below.

January – February 2011 Examinations		
Section	Alabama Passing %	National Passing %
Auditing and Attestation	46.97	43.88
Business Environment and Concepts	22.22	42.32
Financial Accounting and Reporting	40.00	42.43
Regulation	40.98	41.28
October – November 2010 Examinations		
Auditing and Attestation	41.04	44.89
Business Environment and Concepts	36.17	44.27
Financial Accounting and Reporting	35.44	45.02
Regulation	46.49	47.29
July – August 2010 Examinations		
Auditing and Attestation	38.98	49.40
Business Environment and Concepts	32.28	50.79
Financial Accounting and Reporting	38.13	52.71
Regulation	55.96	54.03
April – May 2010 Examinations		
Auditing and Attestation	51.90	50.77
Business Environment and Concepts	50.44	48.88
Financial Accounting and Reporting	41.10	48.39
Regulation	56.12	52.07
January – February 2010 Examinations		
Auditing and Attestation	50.55	46.86
Business Environment and Concepts	45.78	46.59
Financial Accounting and Reporting	48.60	44.95
Regulation	37.35	49.00
October – November 2009 Examinations		
Auditing and Attestation	45.60	47.99
Business Environment and Concepts	33.08	45.65
Financial Accounting and Reporting	35.16	46.15
Regulation	40.94	46.57
July – August 2009 Examinations		
Auditing and Attestation	52.42	51.52
Business Environment and Concepts	40.29	52.27
Financial Accounting and Reporting	44.83	51.18
Regulation	55.20	52.41

April – May 2009 Examinations		
Auditing and Attestation	58.02	51.79
Business Environment and Concepts	49.54	48.62
Financial Accounting and Reporting	42.68	50.58
Regulation	50.00	52.25
January – February 2009 Examinations		
Auditing and Attestation	51.55	47.61
Business Environment and Concepts	44.54	46.23
Financial Accounting and Reporting	51.55	45.54
Regulation	46.07	47.96
October – November 2008 Examinations		
Auditing and Attestation	51.05	47.00
Business Environment and Concepts	35.77	45.76
Financial Accounting and Reporting	39.29	46.40
Regulation	44.55	48.59
July – August 2008 Examinations		
Auditing and Attestation	50.85	51.04
Business Environment and Concepts	43.57	49.60
Financial Accounting and Reporting	44.14	53.93
Regulation	50.00	51.16
April – May 2008 Examinations		
Auditing and Attestation	38.46	53.09
Business Environment and Concepts	43.43	47.60
Financial Accounting and Reporting	39.39	49.59
Regulation	55.29	48.57
January – February 2008 Examinations		
Auditing and Attestation	40.48	44.66
Business Environment and Concepts	32.69	46.94
Financial Accounting and Reporting	41.98	45.95
Regulation	41.10	45.66

COMPLAINT HANDLING

Board Rule 30-X-7 provides the procedures for documentation, receipt, and investigation of complaints relating to board licensees and illegal practices.

Complaint Procedures

Initial Contact/Documentation	Unless the board initiates proceedings on its own motion, it will only take action upon receipt of a complaint made in writing. There is no standard complaint form available. Complainants are advised on the board's website to file complaints in a letter format that includes all pertinent details and any available documentation to support the complaint. Complainants are also advised that they should include contact information.
Anonymous Complaints	Anonymous complaints are not accepted.

Investigative Process	An investigative committee consisting of a board member, the executive director, and a consultant investigates the information or complaint.
Probable Cause Determination	At the end of the investigation, the investigative committee makes a recommendation to the board as to whether probable cause exists that a violation of the board's licensing law and rules has occurred and whether the board should issue a summons and initiate a formal disciplinary proceeding. If the investigative committee determines that no probable cause exists, the proceedings terminate at that point.
Resolution without formal Hearing	If the investigate committee determines that probable cause exists, it may enter into informal settlements with the licensee they are investigating, provided that the settlement is ratified by the board. Informal settlement negotiations may be initiated by either party, but neither party is obligated to utilize the informal procedures.
Formal Hearing	<p>If probable cause exists and the matter cannot be resolved without a hearing, the board instructs its counsel to prepare a summons and complaint.</p> <p>The board member who participates on the investigative committee does not participate in any disciplinary proceedings arising from the investigation.</p> <p>The board employs a hearing officer on a part-time temporary basis.</p> <p>Hearings are conducted in accordance with the provisions of the Alabama Administrative Procedure Act (<i>Code of Alabama 1975</i>, Sections 41-22-1 through 41-22-27).</p>
Notification of Resolution to the Complainant	Complainants are notified of the resolution of the complaint by letter.

Schedule of Complaints Resolved 2008 through 2011 Fiscal Years					
Year/Number Received	Year/Number Resolved				Pending
	2008	2009	2010	2011 (*)	
2008 / 9	6	3			
2009 / 12		10	2		
2010 / 20			16	4	
2011 / 6				2	4
(*) As of March 18, 2011					
Source of data: Chief Fiscal Officer					

Average Time to Resolve Complaints – 77 days

SMART GOVERNING

We reviewed the board's SMART reports for the 2010 and 2011 fiscal years for compliance with these standards and present the following observations:

2010 SMART Quarterly Performance Report

Goals			Comments	
To increase on-line individual and firm registrations to 50% by 2010.			Goal appears reasonable and is consistent with the mission of the board. However, goals are by definition long-term (3-5 year) targets. This goal is for the current year only.	
To resolve 50% of valid complaints within 12 months through 2010.			Goal appears reasonable and is consistent with the mission of the board. However, goals are by definition long-term (3-5 year) targets. This goal is for the current year only.	
Objective	Unit of Measure	Target	Reported	Comments
(O1 – Efficiency) [Increase] Individual and firm registrations	%	50%	20%	Objective appears reasonable. Supporting data was accurate and available for audit.
(O1 – Efficiency) To maintain costs per licensees with no more than 10% increase per licensee	%	10%	5%	Objective appears reasonable. Supporting data was accurate and available for audit.
(O1 – Quality) Complaints resolved [within 12 months]	%	50%	78%	Objective appears reasonable. Supporting data was accurate and available for audit.

2011 SMART Quarterly Performance Report

Goals			Comments	
To increase on-line individual and firm registrations to 75% by 2014.			Goal appears reasonable and is consistent with the mission of the board.	
To resolve 75% of valid complaints within 12 months through 2014.			Goal appears reasonable and is consistent with the mission of the board.	
Objective	Unit of Measure	Target	Reported	Comments
(O1 – Efficiency) [Increase] Individual and firm registrations	%	60%	Year not complete	Objective appears reasonable.
(O1 – Efficiency) To maintain costs per licensees with no more than 10% increase per licensee	%	10%	Year not complete	Objective appears reasonable.
(O1 – Quality) Complaints resolved [within 12 months]	%	60%	Year not complete	Objective appears reasonable.

REGULATION IN CONJUNCTION WITH OTHER ENTITIES

There is no direct overlap of regulation with other state or federal agencies.

The American Institute of Certified Public Accountants (AICPA) is the national professional association for CPAs. The AICPA represents the CPA profession nationally regarding rule-making and standard-setting. The AICPA develops standards for audits of private companies and other services by CPAs; provides educational guidance materials to its members; develops and grades the Uniform CPA Examination; and monitors and enforces compliance with the profession's technical and ethical standards.

The National Association of State Boards of Accountancy (NASBA) serves as a forum for the 55 boards of accountancy, which includes the 50 states, the District of Columbia, Puerto Rico, Guam, the US Virgin Islands, and the Northern Mariana Islands.

The Public Company Accounting Oversight Board (PCAOB) was created by the Sarbanes-Oxley Act of 2002. The board oversees the audits of public companies and broker dealers, including compliance reports filed pursuant to federal securities laws. The Securities and Exchange Commission (SEC) has oversight authority over the PCAOB, including approval of the board's rules, standards, and budget.

The Financial Accounting Standards Board (FASB) establishes standards of financial accounting that govern the preparation of financial reports by nongovernmental entities. The standards are officially recognized as authoritative by the SEC and the AICPA.

The Alabama Society of Certified Public Accountants (ASCPA) is the statewide, professional membership organization representing Alabama CPAs. The ASCPA's mission is to promote the professional interests of Alabama CPAs.

FINANCIAL INFORMATION

Source of Funds

The board's operating funds consist of examination fees, licensing fees, and penalties.

Funds / Accounts

The board operates through the State Treasury (Special Revenue Fund 0352), and retains its remaining balance at year end, as provided by the *Code of Alabama 1975*, Section 34-1-22.

Schedule of Fees

Fee Type / Purpose	Statutory Authority Section	Board Rule	Amount Authorized	Amount Collected
Directory (Annual Register)	34-1-3(k)	30-X-2-.12	\$20	\$20
Examination Fee: Initial Application	34-1-4	30-X-4-.07	\$100	\$100
Examination Fee: Re-examination	34-1-4	30-X-4-.07	\$50	\$50
Auditing and Attestation	34-1-4	30-X-4-.07	\$235	\$235
Financial Accounting and Reporting	34-1-4	30-X-4-.07	\$225	\$225
Regulation	34-1-4	30-X-4-.07	\$200	\$200
Business Environment and Concepts	34-1-4	30-X-4-.07	\$190	\$190
Application for Certificate by Reciprocity	34-1-4, 5	30-X-4-.07	\$100	\$100
Application for Transfer of Grades	34-1-4	30-X-4-.07	\$100	\$100
Registrations*				
CPA Active	34-1-11	30-X-3-.07	\$75	\$75
CPA In-Active	34-1-11	30-X-3-.07	\$50	\$50
PA Active	34-1-11	30-X-3-.07	\$75	\$75
PA In-Active	34-1-11	30-X-3-.07	\$50	\$50
Non-Licensee Owners	34-1-11	30-X-3-.07	\$75	\$75
CPA/PA Firms	34-1-11	30-X-3-.07	\$75	\$75
Delinquent penalties				
Late Filing after December 31	34-1-11	30-X-3-.07	\$100	\$100
Late Filing after March 31	34-1-11	30-X-3-.07	\$500	\$500
Administrative Fines	34-1-12	n/a	≤ \$5000	≤ \$5000
Replacement CPA Certificate	Cost	Cost	Cost	\$10
Certificate Mailing Fee	Cost	Cost	\$0.00	\$10
Bad Check Fee	8-8-15	30-X-7-.14	\$30	\$30

* Annual Registration fees were increased effective October 1, 2010 from \$35 to \$75 and from \$25 to \$50 respectively.

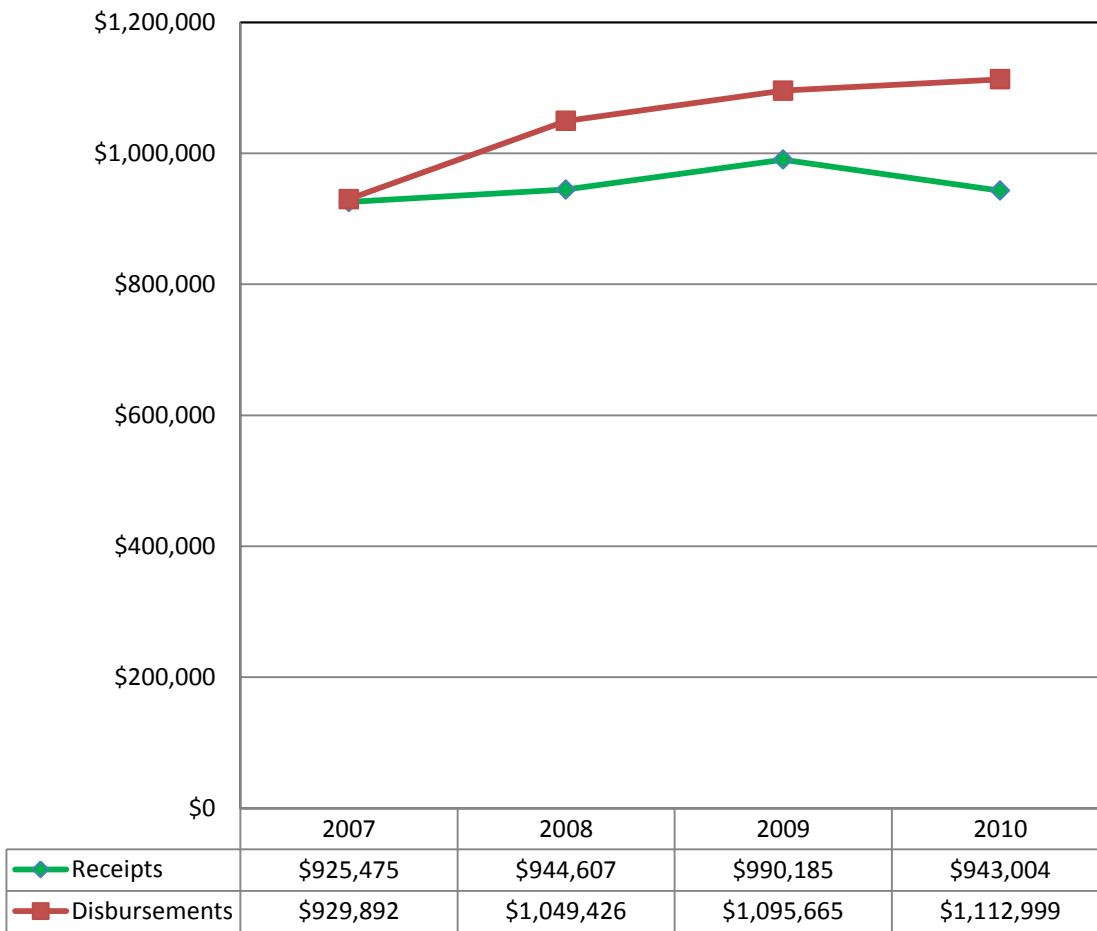
Schedule of Receipts, Disbursements, and Balances

October 1, 2006 through September 30, 2010

	2009-2010	2008-2009	2007-2008	2006-2007
<u>Receipts</u>				
License Fees	\$ 425,216.10	\$ 472,586.75	\$ 481,257.30	\$ 469,875.19
Examination Fees	415,020.00	405,945.00	366,075.00	367,935.00
Miscellaneous not classified	4,200.00	4,200.00	4,520.00	4,010.00
Penalties	98,430.00	107,400.00	92,755.00	83,655.00
Salvage	-	53.61	-	-
Prior Year Refunds	138.22	-	-	-
Total	943,004.32	990,185.36	944,607.30	925,475.19
<u>Disbursements</u>				
Personnel Costs	404,635.00	401,924.00	374,922.50	341,319.00
Employee Benefits	117,885.99	116,181.10	105,177.07	92,415.43
Travel in state	4,052.10	3,892.25	5,576.50	4,773.17
Travel out of state	32,489.36	23,671.45	29,102.33	23,464.75
Repairs and Maintenance	283.98	1,909.05	7,911.00	60.00
Rentals and Leases	117,046.85	105,386.84	107,504.48	98,237.00
Utilities and Communications	21,594.19	16,826.99	21,525.95	21,529.01
Professional Services	14,548.18	17,939.06	24,576.75	13,754.37
Supplies, Materials, and Operating Expenses	397,897.45	381,189.97	351,282.08	333,404.37
Transportation Equipment Operations	1,065.90	1,212.66	2,038.79	935.09
Other Equipment Purchases	1,499.99	25,531.64	19,808.19	-
	1,112,998.99	1,095,665.01	1,049,425.64	929,892.19
Deficiency of Receipts over Disbursements	(169,994.67)	(105,479.65)	(104,818.34)	(4,417.00)
Cash Balances at Beginning of Year	979,285.14	1,084,764.79	1,189,583.13	1,194,000.13
Cash Balances at End of Year	809,290.47	979,285.14	1,084,764.79	1,189,583.13
Reserved for Unpaid Obligations	(130,914.29)	(67,739.45)	(53,037.86)	(65,922.82)
Unreserved Cash Balances at end of Year *	\$ 678,376.18	\$ 911,545.69	\$ 1,031,726.93	\$ 1,123,660.31

*Annual Registration fees were increased effective October 1, 2010 to prevent further decline of fund balance

Operating Receipts vs. Operating Disbursements



QUESTIONNAIRES

Board Member Questionnaire

Surveys were sent to all 7 members of the Board of Public Accountancy of which 4 responded. The percentages shown are based on the number who responded to the question.

1. What are the most significant issues currently facing the Alabama Board of Public Accountancy and how is the board addressing these issues?

Member 1 – “120 hour versus 150 hour requirement for sitting for the CPA exam.”

Member 2 – “Recent changes in professional standards having to do with the definition of “attest” services – board is monitoring for the potential need for changes to the Alabama statute.”

Member 3 – “I have been on the board for ten years and I don’t see any problems.”

Member 4 – “There are changes taking place almost daily with new pronouncements from standard setting organizations (Domestic and international) as well as the IRS. It is incumbent upon the Board to stay abreast of these changes and to make sure the CPAs in Alabama are aware of these changes and that our laws and rules stay current. One of the ways the Board is accomplishing this is by participating in activities with the National Association of State Boards of Accountancy. This organization is extremely helpful in assisting State Boards with problems and changes taking place in the profession.”

2. What changes to the board’s laws are needed?

Member 1 – “None”

Member 2 – “The board is monitoring the issue noted in #1 above for the potential need for changes to the Alabama statute.”

Member 3 – “In my opinion, all the accountancy laws have been changed.”

Member 4 – “Current accounting pronouncements are coming from a variety of sources, both in the US and internationally. It is imperative that the Board ensure that the laws in Alabama stay current with these changes to protect the public as users of financial information prepared by CPAs.”

3. Is the board adequately funded?

Yes	4	100%
No	0	0%
Unknown	0	0%
No Opinion	0	0%

Member 4 – “All funds come for accountant’s fee and have been increased to cover expenses. Prior to the increase we were operating with an annual deficit and funding it from our reserves. We are aware of another board in another state that had to expend several hundred thousands of dollars to defend its self in a court case. This causes us some concern and we are aware of the need to keep an adequate reserve for this type of expense.”

4. Does the board receive regular reports on operations from the chief administrative officer?

Yes	4	100%
No	0	0%
Unknown	0	0%
No Opinion	0	0%

Member 4 – “We receive detailed updates at each of our meetings.”

5. Is the board adequately staffed?

Yes	3	75%
No	1	25%
Unknown	0	0%
No Opinion	0	0%

Member 4 – “We need an outside consultant with Accounting and Auditing knowledge to assist on investigations.”

6. Has the board experienced any significant changes to its operations?

Yes	0	0%
No	4	100%
Unknown	0	0%
No Opinion	0	0%

7. Does the board plan any significant changes in its operations?

Yes	0	0%
No	4	100%
Unknown	0	0%
No Opinion	0	0%

CPA Questionnaire

Surveys were sent to 100 licensees of whom 32 responded. The percentages shown are based on the number who responded to the question.

1. Do you think regulation of your profession by the Board of Public Accountancy is necessary to protect public welfare?

Yes	31	97%
No	1	3%
Unknown	0	0%
No Opinion	0	0%

2. Do you think any of the board's laws, rules, and policies are an unnecessary restriction on the practice of your profession?

Yes	2	6%
No	29	91%
Unknown	0	0%
No Opinion	1	3%

Respondent 18 – “The annual dues are too high especially for "Inactive." A jump from \$15 to \$50 is absurd!”

Respondent 26 – “I think the CPE hours could be reported every 2 years like the State of Georgia instead of every year.”

3. Do you think any of the board's requirements are irrelevant to the competent practice of your profession?

Yes	4	13%
No	23	72%
Unknown	3	9%
No Opinion	2	6%

Respondent 18 – “The requirement of 20 hours live CPE is stupid in the world of today's technology. Florida allows a CPA to earn all of its CPE via self-study.”

Respondent 21 – “8 hours of Accounting and Auditing CPE are totally irrelevant to someone who practices in Tax only.”

Respondent 26 – “Paying a fee of \$50 per year to be "inactive" is ridiculous!”

4. Are you adequately informed by the board of changes to and interpretations of board positions, policies, rules, and laws?

Yes	23	72%
No	3	9%
Unknown	2	6%
No opinion	4	13%

Respondent 9 – “I receive frequent e-mail and other communication from the board.”

Respondent 18 – “I had no idea or the opportunity to have any input in the annual license fees.”

5. Has the board performed your licensing and renewal in a timely manner?

Yes	32	100%
No	0	0%
Unknown	0	0%
No opinion	0	0%

6. Do you consider mandatory continuing education necessary for competent practice?

Yes	29	91%
No	3	9%
Unknown	0	0%
No opinion	0	0%

Respondent 9 – “Continuing professional education is a key to staying up to date on current technical matters.”

Respondent 11 – “Although I believe that continuing education is necessary, I believe that 40 hours /year is higher than it should be. I would like to see those hours reduced to something around 25-30 hours /year.”

Respondent 12 – “Some states allow carryover of CPE from one year to another. Alabama should consider allowing a limited amount of CPE carryover.”

Respondent 13 – “Yes, but I think 40 hours a year is too much at the current prices for training.”

Respondent 17 – “You should never even consider withdrawing this requirement for continuing education!!”

Respondent 18 – “No, CPAs are only going to pay attention to information in areas of their interest. The rest of the time they are going to be on their laptops, texting on their cell phones, reading the paper or getting a nap in. In today’s litigious society, CPAs will get current whenever they tackle an issue that they do not feel comfortable with.”

Respondent 24 – “I thought it was mandatory. To maintain a public accounting license it is.”

Respondent 26 – “I only do one report letter for a compilation for one corporation each month and I still have to do the same number of CPE hours as other CPAs that do audits, reviews, and compilations for many corporations.”

7. Has the board approved sufficient providers of continuing education to ensure your reasonable access to necessary continuing education hours?

Yes	27	85%
No	2	6%
Unknown	1	3%
No opinion	2	6%

Respondent 9 – “There are many providers of CPE and I have been able to find approved courses both close to home and abroad.”

Respondent 11 – “Yes, there are enough providers, but in small agencies like the one I work for, many providers charge much more than our budget allows. There should be some way to get our continuing education hours at no cost, or, at the very least, a very reduced cost.”

Respondent 16 – “There should be MORE classes available to those who are NOT in public practice. Having to sit through CPE aimed at those in public, when you are not in public practice is a HUGE WASTE OF TIME.”

8. What do you think is the most significant issue(s) currently facing your profession in Alabama and what is the board doing to address the issue(s)?

Respondent 1 – “I see no issues.”

Respondent 2 – “Regulation of non-licensed tax preparers. The IRS is starting to do this but I do not know if the board can do anything about it.”

Respondent 5 – “I believe that the change years ago from mandatory public accounting experience has weakened the profession because there is a lot more to understanding the profession than just passing a written exam.”

Respondent 6 – “Ethics”

Respondent 7 – “New IRS requirements, not sure what the board is doing or if they can do anything.”

Respondent 8 – “Continuing to attract new business to the state and to bring new people into the profession. Also, promote the profession in a positive manner.”

Respondent 9 – “Tax legislative changes – get CPE to help with this, and also get timely information on changes both in the state and nationally. Convergence to IFRS – ASCPA sends information on this and offers CPE on this matter.”

Respondent 11 – “The most significant issue is auditing requirements. They seem to become more and more restrictive each year.”

Respondent 12 – “Issues faced by the profession may be addressed by this board and other entities.”

Respondent 13 – “The use of equivalent work experience to qualify as a CPA has made it too easy to be in public practice. I do not feel comfortable that someone that has spent their time in government service is competent to be in public practice.”

Respondent 14 – “Government intervention in accounting policies.”

Respondent 15 – “Constant changes in rules concerning attestation services. The board requires at least 8 hours of accounting and audit continuing professional education annually.”

Respondent 17 – “I believe that competency is the most important issue and have always felt the board has done an adequate job based on resources available to them.”

Respondent 18 – “The IRS changing the rules of the profession constantly and who knows what the board is doing in any area!”

Respondent 22 – “The change to international standards is a very significant issue facing not only the profession in Alabama but is affecting the profession as a whole. The board has provided information relating to this issue.”

Respondent 23 – “Health care reform”

Respondent 25 – “Budget funding on a state and local level.”

Respondent 26 – “I am not aware of the issues currently facing my profession in Alabama; however, I do think the requirements for 40 hours of CPE to be reported each year should be addressed, and check how Georgia requires 80 hours every 2 years with a minimum of 20 per year.”

Respondent 28 – “Changes in tax reporting that are being influenced by big businesses – especially in the finance sector. I trust that the board’s lobbyists are handling the matter.”

Respondent 29 – “Rapid changes to audit and tax regulations, difficult to keep abreast of changes. Many of the auditing standards should not apply to small nonprofit organizations.”

Respondent 30 – “Having a voice with the AICPA on new updates to the codification.”

Respondent 31 – “Taxation of corporations within Alabama needs to be changed. The board has asked for input and shown potential revenue increases with slight changes to current law.”

Did Not Respond

10

9. Do you think the board and its staff are satisfactorily performing their duties?

Yes	27	85%
No	0	0%
Unknown	3	9%
No Opinion	2	6%

Respondent 9 – “When I have contacted the board and asked for help on matters, they have directed me with courtesy and professionalism.”

Respondent 24 – “I hope so.”

10. Has any member of the board or its staff asked for money (other than normal fees), services, or any other thing of value in return for performing a board service for you?

Yes	0	0%
No	32	100%
Unknown	0	0%
No Opinion	0	0%

Respondent 24 – “No, and I don’t think they should.”

CPA Firm Questionnaire

Surveys were sent to 100 licensees of whom 32 responded. The percentages shown are based on the number who responded to the question.

1. Do you think regulation of your profession by the Board of Public Accountancy is necessary to protect public welfare?

Yes	29	91%
No	1	3%
Unknown	1	3%
No Opinion	1	3%

Respondent 11 – “The board is doing a good job.”

Respondent 19 – “It is a double edge sword to police yourself. However, as I have told my children more times than they care to hear "Discipline yourself so others don't have to." is not a bad motto to operate an organization by. You just need to be sure who is in charge is going to do the right thing.”

Respondent 26 – “Public welfare is the responsibility of all governmental agencies including oneself.”

Respondent 30 – “In Alabama the board needs to end the discrimination between licensed and certified public accountants.”

2. Do you think any of the board’s laws, rules, and policies are an unnecessary restriction on the practice of your profession?

Yes	2	6%
No	27	85%
Unknown	2	6%
No Opinion	1	3%

Respondent 11 – “Some CPAs need to have oversight.”

Respondent 16 – “Not that I know of”

Respondent 25 – “Peer Reviews are necessary, however, the ASCPA should be taken out of the equation. Having a to pay a separate organization annual fees to tell the board that we are in compliance is ludicrous. The ASCPA being able to charge non-members more for the "required" service is extremely suspect since there is no other option.”

Respondent 26 – “I would hope they wouldn’t while also praying that people actually follow them.”

Respondent 30 – “The licensed public accountants have exactly the same license requirement as the certified public accountants for re-licensing and we are allowed to perform the same services as well as practice before the IRS.”

3. Do you think any of the board's requirements are irrelevant to the competent practice of your profession?

Yes	4	13%
No	27	84%
Unknown	1	3%
No Opinion	0	0%

Respondent 16 – “Not that I know of”

Respondent 25 – “How is that we are required to have more that twice as many continuing education hours as doctors, lawyers, architects, engineers, etc. It seems to be another way that the Board helps fund the ASCPA. The fact that so many hours are required is counter-productive. Also making a CPA relinquish their license if they file bankruptcy. Many times it is not a sign of bad decisions, just bad economy.”

Respondent 26 – “Many professionals just don't care.”

4. Are you adequately informed by the board of changes to and interpretations of board positions, policies, rules, and laws?

Yes	19	59%
No	6	19%
Unknown	5	16%
No opinion	2	6%

Respondent 16 – “If there have been any recent changes I don't think I know about them.”

Respondent 26 – “How would I be? I only get IRS updates.”

Respondent 30 – “If we want to know anything, we have to call them.”

5. Has the board performed your licensing and renewal in a timely manner?

Yes	31	97%
No	1	3%
Unknown	0	0%
No opinion	0	0%

6. Do you consider mandatory continuing education necessary for competent practice?

Yes	31	97%
No	1	3%
Unknown	0	0%
No opinion	0	0%

Respondent 4 – “Not as much”

Respondent 9 – “Yes, maybe not 40 hours a year though. That is too much.”

Respondent 11 – “Absolutely”

Respondent 12 – “40 hours is in some years excessive.”

Respondent 26 – “This is necessary for all tax preparers”

7. Has the board approved sufficient providers of continuing education to ensure your reasonable access to necessary continuing education hours?

Yes	26	81%
No	4	13%
Unknown	1	3%
No opinion	1	3%

Respondent 6 – “Actually the board does not provide continuing education. The ASCPA does a good job and there are many other good sources so the need is taken care of.”

Respondent 7 – “Allowing more self-study hours might be better. Also, a&a hours only required if you perform compilation, review, or audit services.”

Respondent 26 – “I believe we need to be able to get more on-line credits.”

8. What do you think is the most significant issue(s) currently facing your profession in Alabama and what is the board doing to address the issue(s)?

Respondent 1 – “Cost of complying with all standards, rules, regulations.”

Respondent 2 – “The BoA requires a peer review, which it should, but, some CPAs do not inform the peer reviewer of all audits/reviews that it completed during their peer review year. It should be mandatory that all peer reviews be a matter of public record.”

Respondent 3 – “Legislation regarding preparer responsibilities. The board is actively lobbying the US legislature.”

Respondent 4 – “GAAP has lost sight of small business.”

Respondent 5 – “No issues at current time”

Respondent 6 – “The AICPA changes are not good. The peer review process is a big waste of our time and resources.”

Respondent 7 – “Changing governmental rules and regulation related to auditing and independence. I do not know if the AL St Bd. Is or is not addressing the issue.”

Respondent 8 – “Qualified staff.”

Respondent 10 – “Standards overload from national organizations, not much they can do!”

Respondent 11 – “International changes in standards and the board will act accordingly when standards have been changed.”

Respondent 12 – “Having to register all of our staff members with the IRS for pin numbers. Nothing is released to any taxing authority with a CPA's final review and approval to do so. The CPA has the ultimate responsibility for what happens inside their office. This is fine for tax preparers that are not CPA firms or have professional/educated employees.”

Respondent 13 – “Emerging tax law communications.”

Respondent 14 – “IFRS – additional CPE sessions.”

Respondent 15 – “Practicing across state lines and the board has addressed it.”

Respondent 16 – “The most significant issue is reciprocity -- the ability to practice across state lines but i don't know what the board is currently doing about it since I think it is primarily a legislative issue.”

Respondent 18 – “IRS increasingly burdening preparers with requirements that make us more like agents for the government rather than advocates for our clients.”

Respondent 19 – “For me, it is the "Practitioner's Incentives" line item on the national budget. The IRS has so much power to assess penalties now and many agents refuse to give an answer to any question (they don't have any training) that you might call them about for clarification.”

Respondent 20 – “Standards overload for nonpublic companies.”

Respondent 22 – “The most significant problem in Alabama is the outrageous and incompetent management of the Alabama Department of Revenue (ADOR). The Ala Board of Public Accountancy is addressing that problem by being the profession's (and taxpayers) first line of defense against ADOR, an abusive state agency. The Board of Public Accountancy notifies its members of abusive ADOR actions and policies quickly and effectively. Our Board is absolutely necessary and effective as (1) our liaison with the national accountancy agencies; (2) protecting the public from dishonest accountants; and (3) monitoring the outrageous and stupid policies of the Ala Dept of Revenue.”

Respondent 24 – “Need for reciprocal licensing.”

Respondent 25 – “GAAP becoming so complicated that it does not give an accurate picture of the company's financial position. Don't know what the Board can do? Not punishing the big 4 CPAs involved in auditing scandals.”

Respondent 26 – “Illegal, uneducated fly by night tax preparers.”

Respondent 28 – “Number of unlicensed, unregulated tax preparers in the state.”

Respondent 30 – “The licensed verses certified issue and the board hasn't done one thing for us. They tell us that it's a legislative issue, but they should be acting as our agent with the legislature not ignoring the issue.”

Respondent 31 – “The changes at the federal and local levels of government and I am not sure what they are doing.”

Respondent 32 – “IRS tax preparer registration.”

Did Not Respond

6

9. Do you think the board and its staff are satisfactorily performing their duties?

Yes	24	75%
No	4	13%
Unknown	2	6%
No Opinion	2	6%

Respondent 6 – “The only problem is getting the license out sooner.”

Respondent 11 – “Absolutely”

Respondent 26 – “For investigations, not nearly fast enough.”

10. Has any member of the board or its staff asked for money (other than normal fees), services, or any other thing of value in return for performing a board service for you?

Yes	0	0%
No	31	97%
Unknown	1	3%
No Opinion	0	0%

Respondent 26 – “That would be interesting to say the least.”

Complainant Questionnaire

Surveys were sent to 24 complainants of whom 9 responded. The percentages shown are based on the number who responded to the question.

1. How was your complaint filed with the Alabama Board of Public Accountancy?

Regular Mail	9	100%
Phone	0	0%
Fax	0	0%
Email	0	0%
Other	0	0%
Unknown	0	0%

2. Was receipt of your complaint promptly acknowledged?

Yes	8	89%
No	1	11%
Unknown	0	0%
No Opinion	0	0%

3. If your answer to Question 2 was “YES”, how long after you filed your complaint were you contacted by the board?

Immediately	1	13%
Within 10 days	3	37%
Within 20 days	1	13%
Within 30 days	1	13%
More than 30 days	0	0%
Unknown	2	24%

4. Was the person who responded to your complaint knowledgeable and courteous?

Knowledgeable	2	23%
Courteous	0	0%
Both	3	33%
Neither	3	33%
Unknown	1	11%
No Opinion	0	0%

5. Did the board communicate the results of investigating your complaint to you?

Yes	8	89%
No	1	11%
Unknown	0	0%

6. Do you think the board did everything it could to resolve your complaint?

Yes	5	56%
No	4	44%
Unknown	0	0%
No Opinion	0	0%

7. Were you satisfied with your dealings with the board?

Yes	5	56%
No	4	44%
Unknown	0	0%
No Opinion	0	0%

APPENDICES

SMART Quarterly Performance Reports

Thursday, November 18, 2010
EBO Form 10

FY 10 SMART Quarterly Performance Report

Page 2 of 4

Basic Agency

Agency: 300 - Accountancy, Alabama State Board of Public				Program: 653 - PRO AND OCCU LICENSING AND REG							
Organization: -				Activity: -							
Key Goal:											
Goal 1	To increase on-line individual and firm registrations to 50% by 2010.								Governor's Priority:		4
Objectives and Quarterly Targets:											
Performance Measures		First Quarter		Second Quarter		Third Quarter		Fourth Quarter		Annual	
Objectives	Unit of Measure	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual
(O1-Efficiency) Individual and firm registrations	percentage	--	0.17	--	0.28	--	0.13	--	0.04	50%	20%
(O2-Efficiency) to maintain costs per licensee with no more than 10% increase per licensee.	%	--	0.00	--	0.00	--	0.00	--	0.00	10%	5%

Item # Notes

O2- Target is measured annually.

Thursday, November 18, 2010
EBO Form 10

FY 10 SMART Quarterly Performance Report

Page 3 of 4

Basic Agency

Agency: 300 - Accountancy, Alabama State Board of Public				Program: 653 - PRO AND OCCU LICENSING AND REG								
Organization: -				Activity: -								
Key Goal:												
Goal 2	To resolve 50% of valid complaints within 12 months through 2010.								Governor's Priority:		4	
Objectives and Quarterly Targets:												
Performance Measures		First Quarter		Second Quarter		Third Quarter		Fourth Quarter		Annual		
Objectives		Unit of Measure	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual
(O1-Quality) Complaints resolved.		% Resolved	--	0.00	--	0.00	--	0.00	--	0.00	50%	78%

Item # Notes

O1- Target is measured annually.

Thursday, November 18, 2010
EBO Form 10

FY 10 SMART Quarterly Performance Report

Page 4 of 4

Basic Agency

How have policy decisions and budget determinations made by the governor and the legislature in the fiscal year 2009-10 affected your agency in meeting its desired accomplishments and services?
The Board continued a merit raise freeze for all employees, in accordance with the governor's memo dated December 28, 2009, extending the merit raise freeze until December 31, 2010.
What administrative improvements did your agency make in fiscal year 2009-10 and what potential improvements do you foresee for future years? Include suggested changes in legislation or administrative procedures which would aid your agency in these improvements.
1. The Board hired a temporary part-time Governmental Hearing Officer in January 2010, as a result of a decision by the Office of the Attorney General to discontinue the interagency agreement for provision of hearing officers.
2. The Board continued CPE audits of licensees on a random basis.
3. The Board adopted several Rule changes, including a rule to increase fees for all licensees, effective October 1, 2010; thereby implementing the first licensee fee increase since 1985.
4. The Board elected to discontinue the CPA presentation banquet, due to continued declining attendance. The last banquet was held May 2010. In addition, the Board re-designed the CPA certificate to a smaller size, to enhance ease of mailing and reduce mailing costs.

FY 11 SMART Quarterly Performance Report
Basic Agency

Agency: 300 - Accountancy, Alabama State Board of Public				Program: 653 - PRO AND OCCU LICENSING AND REG							
Organization: -				Activity: -							
Key Goal:											
Goal 1	To increase on-line individual and firm registrations to 75% by 2014.									Governor's Priority:	4
Objectives and Quarterly Targets:											
Performance Measures		First Quarter		Second Quarter		Third Quarter		Fourth Quarter		Annual	
Objectives	Unit of Measure	Target	Actual	Target	Actual	Target	Actual*	Target	Actual*	Target	Actual*
(O1-Efficiency) Individual and Firm Registrations.	percentage	--	--	--	--	--	--	--	--	60%	
(O2-Efficiency) to maintain costs per licensee with no more than 10% increase per licensee.	%	--	--	--	--	--	--	--	--	10%	
* Actual performance data is not currently available for this quarter.											

FY 11 SMART Quarterly Performance Report
Basic Agency

Agency: 300 - Accountancy, Alabama State Board of Public				Program: 653 - PRO AND OCCU LICENSING AND REG							
Organization: -				Activity: -							
Key Goal:											
Goal 2	To resolve 75% of valid complaints within 12 months through 2014.									Governor's Priority:	4
Objectives and Quarterly Targets:											
Performance Measures		First Quarter		Second Quarter		Third Quarter		Fourth Quarter		Annual	
Objectives	Unit of Measure	Target	Actual	Target	Actual	Target	Actual*	Target	Actual*	Target	Actual*
(O1-Quality) Complaints Resolved.	% Resolved	--	--	--	--	--	--	--	--	60%	
* Actual performance data is not currently available for this quarter.											

Current Statutes

CHAPTER 1. ACCOUNTANTS.

§ 34-1-1. Short title. *Current through the end of the 2010 Regular Session.*

This chapter may be cited as the Public Accountancy Act of 2003.

CREDIT(S)

(Acts 1973, No. 997, p. 1510, § 1; Act 2003-393, p. 1114, § 1.)

§ 34-1-2. Definitions. *Current through the end of the 2010 Regular Session.*

For purposes of this chapter, the following words and phrases shall have the meanings respectively ascribed in this section:

(1) AICPA. The American Institute of Certified Public Accountants.

(2) Attest. Providing the following financial statement services:

a. Any audit or other engagement to be performed in accordance with the Statements on Auditing Standards (SAS).

b. Any review of a financial statement to be performed in accordance with the Statements on Standards for Accounting and Review Services (SSARS).

c. Any examination of prospective financial information to be performed in accordance with the Statements on Standards for Attestation Engagements (SSAE).

d. Any engagement to be performed in accordance with the auditing standards of the Public Company Accounting Oversight Board (PCAOB).

e. The statements on standards specified in this definition shall be adopted by reference by the board pursuant to rule making and shall be those developed for general application by recognized national accountancy organizations such as the AICPA and PCAOB.

(3) Board. The Alabama State Board of Public Accountancy created by Section 34-1-3, except the special meaning applicable only to Section 34-1-4.

(4) Compilation. Providing a service to be performed in accordance with Statements on Standards for Accounting and Review Services (SSARS) that is presenting in the form of financial statements, information that is the representation of management (owners) without undertaking to express any assurance on the statements.

(5) Firm. A sole proprietorship, partnership, professional corporation, professional association, limited liability company, limited liability partnership, or any other form of business entity now or hereafter recognized by Alabama law.

(6) License. A certificate issued pursuant to Section 34-1-4, a permit issued pursuant to Section 34-1-11, registration pursuant to Section 34-1-8; or, in each case, a certificate or permit issued pursuant to corresponding provisions of prior law, or the practice privilege provided pursuant to Section 34-1-7.

(7) Licensee. The holder of a license.

(8) Owner. Any person who holds an ownership interest in a firm.

(9) Peer review. The study, appraisal, or review of one or more aspects of the professional work of a licensee or firm that performs attest or compilation services, by a person or persons who hold licenses and who are not affiliated with the licensee or firm being reviewed.

(10) State. Any state, territory, or insular possession of the United States or the District

of Columbia.

CREDIT(S)

(Acts 1973, No. 997, p. 1510, § 21; Acts 1995, No. 95-516, p. 1038, § 1; Act 2003-393, p. 1114, § 1; Act 2009-620, p. 1794, § 1.)

§ 34-1-3. State Board of Public Accountancy. *Current through the end of the 2010 Regular Session.*

(a) There is created a board of public accountancy in and for the State of Alabama, to be known as the Alabama State Board of Public Accountancy. The board shall consist of seven members appointed by the Governor and, effective October 1, 1988, confirmed by the Senate. Members of the board shall be citizens of the United States and residents of the state. Five members of the Alabama State Board of Public Accountancy shall be certified public accountants in good standing with the board and shall be appointed by the Governor to the board. The Governor shall, in addition, appoint two other members to the board one being a public accountant who holds an active license to practice public accountancy issued under the laws of this state and who is in active practice as a public accountant and a seventh member of the board who shall be a public member who is not under the jurisdiction of the board, but shall at the time of his or her appointment be an active and reputable member of the Alabama business community who possesses a knowledge and understanding of financial transactions and financial statements. The persons and their successors shall constitute the Board of Public Accountancy and shall have and exercise all the powers and authority vested by law in the board.

(b) All appointments shall be effective on October 1 for four-year terms, unless an appointment is made for an unexpired term.

(c) The Alabama Society of Certified Public Accountants shall, at least 30 days prior to the beginning of any term or within 30 days after any position on the board becomes vacant, submit to the Governor the names of five persons qualified for membership on the board for the certified public accountant position and public member position to be filled, and the Governor shall appoint one of the five nominees. Upon the failure of the Alabama Society of Certified Public Accountants to submit timely nominations for a position on the Board of Public Accountancy, the Board of Public Accountancy may submit nominations for the position to the Governor, who shall appoint one of the five nominees.

(d) The Alabama Association of Accountants shall, at least 30 days prior to the beginning of any term or within 30 days after any position on the board becomes vacant, submit the names of five persons qualified for membership on the board for the public accountant position to be filled, and the Governor shall appoint one of the five nominees. Upon the failure of the Alabama Association of Accountants to submit timely nominations for a position on the Board of Public Accountancy, the Board of Public Accountancy may submit nominations for the position to the Governor, who shall appoint one of the five nominees.

(e) No person who has served two successive complete terms on the board shall be eligible for reappointment until after the lapse of one year. An appointment to fill an unexpired term shall not be considered a complete term. Vacancies occurring during a term shall be filled by appointment for the unexpired term. Upon the expiration of his or her term of office, a member shall continue to serve until his or her successor is appointed and confirmed by the Senate. Within 15 days after their confirmation by the Senate, the members of the board shall take an oath before any person lawfully authorized to administer oaths in this state to faithfully and impartially perform their duties as members of the board, and the same shall be filed with the Secretary of State. The Governor shall remove from the board any accountant-member whose

permit to practice has become void, has been revoked, or suspended, or may, after a hearing, remove any member of the board for neglect of duty or just cause.

(f) The board shall elect annually a chair, a vice-chair, and a secretary from its members.

(g) The board may adopt and amend rules and regulations pursuant to the Administrative Procedure Act for the orderly conduct of its affairs and for the administration of this chapter.

(h) A majority of the board shall constitute a quorum for the transaction of business.

(i) The board shall have a seal which shall be judicially noticed.

(j) The board shall keep records of its proceedings and of any proceeding in court, civil or criminal, arising out of or founded upon this chapter. Copies of the records certified as correct under the seal of the board shall be admissible in evidence to prove the content of the records.

(k) The board shall maintain an annual register which shall contain the names, arranged alphabetically by classification, of all licensees under this chapter; the names of the members of the board; and all other information deemed proper by the board. The board may charge a fee in an amount set by it for furnishing the annual register to persons who request it.

(l) The board shall employ an executive director and such other personnel as may be needed and arrange for such assistance, services, supplies, and equipment as it requires for the performance of its duties. The number of employees, their compensation, and all other expenses of the board shall be paid at such rates and in such amounts as the board shall approve. The executive director and other employees of the board shall not be subject to or governed by the provisions of the state Merit System law but shall be entitled to all benefits accruing to Merit System employees including, but not limited to, the right to accumulate leave, participate in the Employees' Retirement System, and participate in the State Employees' Health Insurance Plan.

(m) The board may promulgate and amend rules of professional conduct appropriate to establish and maintain a high standard of integrity in the profession of public accountancy. At least 60 days prior to the promulgation of any rule or amendment, the board shall mail copies of the proposed rule or amendment to each holder of a permit issued under Section 34-1-11, with a notice advising him or her of the proposed effective date of the rule or amendment and requesting that he or she submit comments thereon at least 15 days prior to the effective date; the comments shall be advisory only. Failure to receive by mail the rule, amendment, or notice by all permit holders shall not affect the validity of any rule or amendment.

(n) Each member of the board shall be paid the same per diem and travel allowance paid to state employees for each day the member is actively engaged in the official business of the board out of the funds of the board.

(o) Any records, information, or writings obtained or kept by the Board of Public Accountancy in connection with a peer review program which the board is authorized to establish by rules and regulations, or obtained or kept by the board in connection with a disciplinary investigation shall be held in confidence. If, pursuant to a disciplinary investigation, probable cause for a hearing is found by the board, records, information, or writings upon which the finding is based shall be available to the licensee under investigation. Records, information, and writings held in confidence shall not be disclosed to any person except to the extent necessary to carry out the purposes of the peer review program, the investigation, or the provisions of this chapter; pursuant to a court order for the production of evidence or the discovery thereof; or pursuant to litigation involving the Board of Public Accountancy wherein the records, information, or writings are relevant to the issue in litigation. Notwithstanding the foregoing, with respect to peer review programs deemed acceptable to the board which are performed by other organizations, the board shall require that the peer review processes be

operated and documents maintained in a manner designed to preserve confidentiality, and that neither the board nor any third party, other than an oversight body, shall have access to documents furnished or generated in the course of the review.

CREDIT(S)

(Acts 1973, No. 997, p. 1510, § 2; Acts 1988, No. 88-136, p. 196, § 3; Acts 1995, No. 95-516, p. 1038, § 1; Act 2003-393, p. 1114, § 1.)

§ 34-1-4. Granting of certificates to certified public accountants. *Current through the end of the 2010 Regular Session.*

(a) If each of the following qualifications is met, the certificate of certified public accountant shall be granted by the board to any person:

(1) Who is a citizen of the United States or, if not a citizen of the United States, a person who is legally present in the United States with appropriate documentation from the federal government, or has duly declared his or her intent to become a citizen.

(2) Who has attained the age of 19 years.

(3) Who is of good moral character.

(4) Who meets the following educational requirements:

a. A person shall have earned a college degree from a four-year college or university accredited by a regional accreditation board such as the Southern Association of Colleges and Universities, with a concentration in accounting or what the board determines to be substantially the equivalent of a concentration in accounting. Persons who, on May 16, 1989, have previously taken the uniform written CPA examination shall be considered to meet these qualifications.

b. After January 1, 1995, any person who has not previously sat for the uniform CPA examination shall have completed a total of 150 semester hours or 225 quarter hours of postsecondary education, including a baccalaureate degree at a college or university accredited by a regional accreditation board such as the Southern Association of Colleges and Universities. The total education program shall include an accounting concentration as defined by the board and other course work as the board may require by regulation.

(5)a. Who has successfully passed a uniform examination, administered by the board or its designee, in accounting and auditing and in any other related subjects as the board deems necessary, including, but not limited to, business law and taxation, to maintain the highest standard of proficiency in the profession of public accounting.

b. After January 1, 1995, in order to be eligible for an initial sitting for the uniform CPA examination, a person shall have completed a total of 150 semester hours or 225 quarter hours of education, including a baccalaureate degree at a college or university accredited by a regional accreditation board such as the Southern Association of Colleges and Universities.

(b)(1) Examinations provided for in this chapter shall be given by the board as often as necessary, but not less frequently than twice each year. The board shall, after each examination, notify applicants of the results.

(2) The board may issue certificates under the signature and the official seal of the board, pursuant to this chapter.

(c) The board shall charge each person certified under subsection (e) and each candidate an application fee for the uniform CPA examination in an amount determined by the board.

Examination and reexamination fees shall be charged by the board, or its designee, in amounts determined by the board for each subject in which a candidate is examined. The applicable fees

shall be paid to the board, or its designee, by the candidate at the time he or she applies for examination or reexamination.

(d) Persons who, on May 16, 1989, held certified public accountant certificates issued under the laws of this state shall not be required to obtain additional certificates under this chapter, but shall otherwise be subject to this chapter. The certificates issued shall, for all purposes, be considered certificates issued under this chapter and subject to this chapter.

(e) The board may waive the examination under subdivision (a)(5), and may issue a certificate as a certified public accountant to any person paying the application fee provided in subsection (c) who possesses the qualifications specified in subdivisions (a)(1) through (a)(3), and what the board determines to be substantially the equivalent of the applicable qualifications under subdivision (a)(4), and who is the holder of a certificate as a certified public accountant, then in full force and effect, issued under the laws of any state.

(f) The board may make appropriate regulations to govern the issuance of a certificate as a certified public accountant to the holder of a certificate, license, or degree which is then in full force and effect in any foreign country constituting a recognized qualification for the practice of public accounting in the country, comparable to that of a certified public accountant of this state.

CREDIT(S)
(Acts 1973, No. 997, p. 1510, § 3; Acts 1989, No. 89-812, p. 1620, § 1; Acts 1992, No. 92-179, p. 327, § 3; Act 2003-393, p. 1114, § 1; Act 2008-133, p. 192, § 3.)

§ 34-1-5. Registration of foreign accountants. *Current through the end of the 2010 Regular Session.*

The board may, in its discretion and upon application and the payment of an initial registration fee not in excess of \$100.00, permit the registration of any person with good moral character who is the holder of a certificate, license, or degree in a foreign country constituting a recognized qualification for the practice of public accounting in such country. A person so registered shall use only the title under which he is generally known in his or her own country, followed by the name of the country from which he or she received his or her certificate, license, or degree.

CREDIT(S)

(Acts 1973, No. 997, p. 1510, § 4.)

§ 34-1-6. Registration of firms of certified public accountants. *Current through the end of the 2010 Regular Session.*

(a) A firm engaged in this state in the practice of public accounting may register with the board as a firm of certified public accountants provided it meets all of the following requirements:

(1) At least 51 percent of the ownership of the firm, in terms of financial interests and voting rights of all partners, officers, shareholders, members, or managers, belongs to holders of a certificate who are licensed in some state, and such partners, officers, shareholders, members, or managers, whose principal place of business is in this state, and who perform professional services in this state hold a valid certificate issued under Section 34-1-4. Although firms may include nonlicensee owners, the firm and its ownership must comply with rules promulgated by the board.

(2) Each certified public accountant owner regularly engaged within this state in the practice of public accounting as a member of the firm shall be a certified public accountant of this state in good standing except as provided in subdivision (4) of this subsection or when practicing pursuant to Section 34-1-7.

(3) Each resident manager in charge of an office of a firm in this state whose main office is outside this state shall be a certified public accountant of this state in good standing except as provided in subdivision (4) of this subsection.

(4) Certified public accountants (CPAs) from other jurisdictions transferring into Alabama shall be required to obtain an Alabama reciprocal certificate within 24 months from the date of transfer.

(5) Any CPA firm as defined in this chapter may include nonlicensee owners provided that:

a. The firm designates a licensee of this state who is responsible for the proper registration of the firm and identifies that individual to the board.

b. All nonlicensee owners are active individual participants in the CPA firm or affiliated entities.

c. A nonlicensee is prohibited from being an owner if he or she has previously held a license.

d. All nonlicensee owners shall register annually with the board, pay an annual registration fee in an amount determined by the board, and report the satisfaction of any annual continuing education requirements that the board may impose by rule on nonlicensee owners.

e. The firm complies with such other requirements as the board may impose by rule.

(6) Firms which fall out of compliance with this section due to changes in firm ownership or personnel, after receiving or renewing a permit, shall take corrective action to bring the firm back into compliance as quickly as possible. The board may grant a reasonable period of time to take such corrective action. Failure to bring the firm back into compliance within a reasonable period of time as defined by the board will result in the suspension or revocation of the firm permit.

(b) Application for registration shall be made upon the affidavit of an owner of the firm who is a certified public accountant of this state in good standing. The board shall in each case determine whether the firm is eligible for registration. A firm which is registered and which holds a permit issued under Section 34-1-11 may use the words "certified public accountants" or the abbreviation "CPAs" in connection with the name of the firm. Notification shall be given the board, within one month, after the admission to or withdrawal of an owner from any firm registered.

CREDIT(S)

(Acts 1973, No. 997, p. 1510, § 5; Acts 1995, No. 95-516, p. 1038, § 1; Act 2003-393, p. 1114, § 1; Act 2009-620, p. 1794, § 1.)

§ 34-1-7. Practice privilege for nonresident certified public accountants. *Current through the end of the 2010 Regular Session.*

(a) Subject to subsection (b), a person who is licensed as a certified public accountant in another state whose principal place of business is not in this state shall have all the privileges of a certified public accountant in this state without the need to obtain a certificate or permit under this chapter or to notify or register with the board and may offer or render professional services in this state, whether in person or by mail, telephone, or electronic means, without any notice, fee, or other submission under this chapter.

(b) A person exercising the practice privilege granted in subsection (a) and any firm that employs the person, as a condition of the grant of the privilege, are deemed to consent to all of the following:

(1) The personal and subject matter jurisdiction and disciplinary authority of the board and the courts of Alabama.

(2) Compliance with this chapter and any rules promulgated by the board.

(3) That the person shall cease offering or rendering professional services under the practice privilege personally and on behalf of a firm if the license of the person from the state by which the person was licensed as a certified public accountant when any professional services were offered or rendered, or began to be offered or rendered, pursuant to the practice privilege provided in this section, is no longer valid.

(4) To the appointment of any out-of-state board by which the person was licensed as a certified public accountant when any professional services were offered or rendered, or began to be offered or rendered, pursuant to the practice privilege provided in this section, to be his or her agent for the purpose of service of process in any action or proceeding by the board in this state against the person.

CREDIT(S)

(Acts 1973, No. 997, p. 1510, § 6; Act 2009-620, p. 1794, § 1.)

§ 34-1-8. Registration of public accountants. *Current through the end of the 2010 Regular Session.*

Written evidence of registration as public accountants shall be issued to:

(1) Any person who is a resident of this state, or practices accounting herein, who has attained the age of 19 years, and who is of good moral character and a citizen of the United States or has declared his or her intent to become a citizen, and who meets the requirements of paragraphs a., b., c., or d. of this subdivision, may, upon payment of an initial registration fee to be fixed by the board, register with the board as a public accountant on or before October 1, 1974:

a. Persons who hold themselves out to the public as public accountants and who are engaged as principals, as distinguished from employees, within this state on October 1, 1973, in the practice of public accounting as their principal occupation.

b. Persons serving in the Armed Forces of the United States of America on October 1, 1973, who immediately prior to entering such service held themselves out to the public as public accountants and were engaged as principals, as distinguished from employees, within this state in practice of public accounting as their principal occupation. In the case of any such person, the time for registration shall be extended for a period of 12 months from the time such person is separated from active duty.

c. Staff accountants employed in this state by certified public accountants or by public accountants and regularly assigned to accounting engagements on October 1, 1973.

d. Upon payment of a fee to be fixed by the board, an employee of a department, agency or instrumentality of the United States, this state or a political subdivision of this state, whose work on October 1, 1973, involves accounting or auditing activities of a type which in the opinion of the board is the equivalent of public accounting work, may file with the board a declaration that he or she intends to register as a public accountant on or before a specified later date pursuant to the provisions of this section, and upon such later specified date the board, after investigation and determination of eligibility as provided hereinafter in this section, shall so register him or her as a public accountant.

e. The board shall in each case determine whether an applicant is eligible for registration. Any individual who is so registered and who holds a permit issued under Section 34-1-11 shall be styled and known as a public accountant.

(2) From October 1, 1974, to October 1, 1978, any person who is a resident of this state, who has attained the age of 19 years, and who is of good moral character and a citizen of the United States or has declared his or her intent to become a citizen, upon payment of an initial registration fee to be fixed by the board may register with the board as a public accountant; provided, that he or she has received a college degree with a major in accounting from a four-year college accredited by a regional accreditation board such as the Southern Association of Colleges and Universities, or who shall have passed written examinations covering the subjects of theory of accounting, practical accounting, auditing, commercial law as affecting accountancy and the professional ethics of public accountants. The examinations shall be conducted by the board semiannually and the papers graded in a uniform manner. The questions used in all sections of the examination shall adhere to the standards established by the National Society of Public Accountants. A passing grade of 75 percent is required for registration. Examination fees shall be set by the board.

CREDIT(S)

(Acts 1973, No. 997, p. 1510, § 7.)

§ 34-1-9. Registration of firms of public accountants. *Current through the end of the 2010 Regular Session.*

(a) A firm engaged in this state in the practice of public accounting may register with the board as a firm of public accountants provided it meets all of the following requirements:

(1) At least 51 percent of the ownership of the firm, in terms of financial interests and voting rights of all partners, officers, shareholders, members, or managers, belongs to certified public accountants or public accountants of this state in good standing with a valid permit to practice. Although public accountant firms may include nonlicensee owners, the firm and its ownership must comply with rules promulgated by the board.

(2) Any public accountant firm as defined in this chapter may include nonlicensee owners provided that:

a. The firm designates a licensee of this state who is responsible for the proper registration of the firm and identifies that individual to the board.

b. All nonlicensee owners are active individual participants in the public accountant firm or affiliated entities.

c. A nonlicensee is prohibited from being an owner if they have previously held a license.

d. All nonlicensee owners shall register annually with the board, pay an annual registration fee in an amount determined by the board, and report the satisfaction of any annual continuing education requirements that the board may impose by rule on nonlicensee owners.

e. The firm complies with such other requirements as the board may impose by rule.

(3) Firms which fall out of compliance with this section due to changes in firm ownership or personnel, after receiving or renewing a permit, shall take corrective action to bring the firm back into compliance as quickly as possible. The board may grant a reasonable period of time to take such corrective action. Failure to bring the firm back into compliance within a reasonable period of time as defined by the board will result in the suspension or revocation of the firm permit.

(b) Application for registration shall be made upon the affidavit of an owner of the firm who is a certified public accountant or public accountant of this state in good standing. The board shall in each case determine whether the firm is eligible for registration. A firm which is

registered and which holds a permit issued under Section 34-1-11 may use the words "public accountants" or the abbreviation "P.A.'s" in connection with the name of the firm. Notification shall be given the board, within one month, after the admission to or withdrawal of an owner from any firm registered.

CREDIT(S)

(Acts 1973, No. 997, p. 1510, § 8; Acts 1995, No. 95-516, p. 1038, § 1; Act 2003-393, p. 1114, § 1.)

§ 34-1-10. Registration and supervision of offices. *Current through the end of the 2010 Regular Session.*

(a) Each office established or maintained in this state for the practice of public accounting in this state by a certified public accountant, firm of certified public accountants, a public accountant, firm of public accountants, or by one registered under Section 34-1-5 shall be registered annually under this chapter with the board, but no fee shall be charged for registration. Each office shall be under the direct supervision of a licensee holding a permit under Section 34-1-11, which is in full force and effect. Notwithstanding the foregoing, the title or designation "certified public accountant" or the abbreviation "CPA" shall not be used in connection with the office unless the licensee is the holder of a certificate as a certified public accountant under Section 34-1-4 and a permit issued under Section 34-1-11, both of which are in full force and effect. The licensee may serve in such capacity at one office only. The board shall by regulation prescribe the procedure to be followed in effecting registrations.

(b) No firm or office not located in this state, even if it is engaged in business in this state, shall be required to register under this section.

CREDIT(S)

(Acts 1973, No. 997, p. 1510, § 9; Acts 1995, No. 95-516, p. 1038, § 1; Act 2009-620, p. 1794, § 1.)

§ 34-1-11. Annual permits to practice; inactive status; continuing education. *Current through the end of the 2010 Regular Session.*

(a)(1) Permits to engage in the practice of public accounting in this state shall be issued by the board to a holder of a certificate of certified public accountant issued under Section 34-1-4 and to a person registered under Section 34-1-8 who furnishes evidence satisfactory to the board of compliance with the requirements of subsection (c) and who: (1) is a citizen of the United States or, if not a citizen of the United States, a person who is legally present in the United States with appropriate documentation from the federal government, or has declared his or her intent to become a citizen; and (2) has attained the age of 19 years; and (3) is of good moral character; and (4) meets the experience requirements set forth in subsection (e). Permits to engage in the practice of public accounting in this state also shall be issued by the board to persons or firms under Sections 34-1-5, 34-1-6, and 34-1-9, if all offices of those certificate holders or registrants are maintained and registered as required under Section 34-1-10. There shall be an annual permit fee for each certificate holder under Section 34-1-4, each registrant under Section 34-1-8, and each firm in an amount to be determined by the board. All permits shall expire on September 30 of each year and may be renewed annually for a period of one year. The application for renewal and annual renewal fee shall be filed with this board no later than December 31 following the expiration date. The board may also charge a late renewal penalty on or after January 1 following the expiration date in an amount set by the board which is graduated depending on the length of time the renewal is delinquent.

(2) The board shall by rule require as a condition for renewal of a permit under this section, by any permit holder who performs compilation services for the public other than through a CPA or PA firm, that such individual undergo, no more frequently than once every three years, a peer review conducted in such manner as the board shall by rule specify.

(b)(1) Notwithstanding subsection (a), a certified public accountant or public accountant registered under this chapter who is not engaged in the practice of public accounting may request the board, in writing, to place his or her name on the board's inactive roll, thereby granting him or her inactive status and protecting his or her right to obtain a permit to practice pursuant to subsection (a) at a later time as he or she wishes to become actively engaged in the practice of public accounting.

(2) If, upon receipt of the notification, the board determines that the certified public accountant or public accountant is not engaged in public accounting, the certified public accountant or public accountant shall be permitted to retain his or her initial registration or certificate by paying an annual registration fee in an amount as the board shall, from time to time, determine. Effective October 1, 2007, certified public accountants or public accountants granted inactive status by the board shall place the word "inactive" adjacent to their CPA title or PA title on any business card, letterhead, or any other document or device, with the exception of their CPA certificate or PA registration, on which their CPA or PA title appears. If a certified public accountant or public accountant who has elected inactive status wishes to reenter the active practice of public accountancy, he or she shall make application to the board for an annual permit to practice. The board, in its rules and regulations, shall specify the number of hours of continuing education the applicant shall obtain before he or she regains active status to ensure his or her competency to practice public accounting.

(c) Every application for renewal of an annual permit to practice by any person who holds a certificate as a certified public accountant or who is a registrant under Section 34-1-8 shall be accompanied or supported by any evidence the board prescribes of satisfaction of its continuing education requirements during the preceding year. Failure by an applicant for renewal of an annual permit to furnish the evidence shall constitute grounds for revocation, suspension, or refusal to renew the permit in a proceeding under Section 34-1-12, unless the board determines the failure to have been due to reasonable cause. The board may renew an annual permit to practice despite failure to furnish evidence of satisfaction of requirements of continuing education upon the condition that the applicant follows a particular program or schedule of continuing education. In issuing rules, regulations, and individual orders in respect of requirements of continuing education, the board may, among other things, use and rely upon guidelines and pronouncements of recognized educational and professional associations; may prescribe for content, duration, and organization of courses; shall take into account the accessibility by applicants to the continuing education required and any impediments to interstate practice of public accountancy which result from the difference in the requirements in other states; and may provide for relaxation or suspension of those requirements in regard to applicants who certify that they do not intend to engage in the practice of public accountancy, and for instances of individual hardships.

(d) In the event a certified public accountant or public accountant fails to apply for an annual permit to practice or to be placed on the board's inactive roll within: (1) One year from the expiration date of the permit to practice last obtained or renewed pursuant to subsection (a); (2) one year from the expiration date of the last annual renewal of his or her certificate pursuant to subsection (b); or (3) one year from the date upon which the certificate holder or registrant was

granted his or her certificate or registration, if no permit was ever issued to him or her under subsection (a) or his or her name was never placed on the board's inactive roll under subsection (b), it shall deprive him or her of the right to apply for a permit or inactive status, and shall constitute grounds for revocation or suspension of the holder's certificate, unless the board determines the failure to have been due to reasonable cause. In that case, the board may impose a reinstatement fee not to exceed one hundred dollars (\$100), plus the total annual registration fees and late renewal penalties which the certified public accountant or public accountant would have paid under this chapter during the period when neither a permit nor inactive status was maintained. The board may also charge an inactive status penalty in an amount set by the board which is graduated for the time of the inactivity.

(e) The experience requirement shall be one year of experience in the practice of public accounting as defined by the board's rules and regulations.

CREDIT(S)

(Acts 1973, No. 997, p. 1510, § 10; Acts 1989, No. 89-812, p. 1620, § 1; Acts 1992, No. 92-179, p. 327, § 3; Act 2003-393, p. 1114, § 1; Act 2008-133, p. 192, § 3.)

§ 34-1-12. Suspension, revocation, etc., of certificate, registration, or permit; fines. *Current through the end of the 2010 Regular Session.*

(a) After notice and hearing as provided in Section 34-1-14, the board may suspend for a period not to exceed three years or revoke any certificate issued under Section 34-1-4, or any registration granted under Section 34-1-5 or 34-1-8, or any practice privilege granted pursuant to Section 34-1-7; may revoke, suspend, or refuse to renew any permit issued under Section 34-1-11; or may censure the holder of any permit or any practice privilege for any one or any combination of the following causes:

(1) Fraud or deceit in obtaining a certificate as a certified public accountant or in obtaining registration under this chapter or in obtaining a permit to practice public accounting under this chapter.

(2) Dishonesty, fraud, or gross negligence in the practice of public accounting.

(3) Any violation of Section 34-1-16.

(4) Any violation of a rule of professional conduct promulgated by the board under the authority granted by this chapter.

(5) Conviction of any crime, an element of which is dishonesty or fraud, under the laws of any state or of the United States.

(6) Conviction of a felony under the laws of any state or of the United States.

(7) Cancellation, revocation, suspension, or refusal to renew authority to practice as a certified public accountant or a public accountant by any other state for any cause other than failure to pay an annual registration fee in the other state.

(8) Suspension or revocation of the right to practice before any state or federal agency.

(9) Failure to be legally present in this state, or to become a citizen of the United States within six years by any person not a citizen of the United States when he or she received a certificate as a certified public accountant or was registered as a public accountant under this chapter.

(10) Failure to apply for an annual permit to practice or to be placed on the board's inactive roll within any of the following time periods:

a. One year from the expiration date of the permit to practice last obtained or renewed pursuant to Section 34-1-11(a).

b. One year from the expiration date of the last annual renewal of his or her certificate

pursuant to Section 34-1-11(b).

c. One year from the date upon which the certificate holder or registrant was granted his or her certificate or registration, if no permit was ever issued under Section 34-1-11(a) or his or her name was never placed on the board's inactive roll under Section 34-1-11(b), unless the failure is excused by the board pursuant to Section 34-1-11.

(11) Conduct discreditable to the public accounting profession.

(12) Failure of a certificate holder or registrant to furnish evidence of satisfaction of requirements of continuing education as required by the board pursuant to Section 34-1-11 or to meet any conditions in respect of continuing education which the board may have ordered with respect to the certificate holder under that section.

(13) Failure to comply with the provisions and requirements of the board's peer review program.

(14) Failure to comply with this chapter or rules promulgated by the board under this chapter or failure to comply with professional standards.

(15) Making any false or misleading statement or verification in support of an application for a certificate, registration, or permit filed by another.

(b) In addition to the disciplinary powers granted pursuant to subsection (a), the board may singly, or in combination with any other disciplinary action, levy and collect administrative fines for violations of this chapter or the rules and regulations of the board of not more than five thousand dollars (\$5,000) for each violation.

CREDIT(S)

(Acts 1973, No. 997, p. 1510, § 11; Acts 1989, No. 89-812, p. 1620, § 1; Acts 1992, No. 92-179, p. 327, § 3; Act 2003-393, p. 1114, § 1; Act 2008-133, p. 192, § 3; Act 2009-620, p. 1794, § 1.)

§ 34-1-13. Revocation or suspension of registration and permit to practice; censure of permit holder. *Current through the end of the 2010 Regular Session.*

(a) After notice and hearing as provided in Section 34-1-14, the board shall revoke the registration and permit to practice of a firm if at any time it does not have all the qualifications prescribed by the section of this chapter under which it qualified for registration.

(b) After notice and hearing as provided in Section 34-1-14, the board may revoke or suspend the registration of a firm or may revoke, suspend, or refuse to renew its permit under Section 34-1-11 to practice, or may censure the holder of any permit for any of the causes enumerated in Section 34-1-12 or for any of the following additional causes:

(1) The revocation or suspension of the certificate or registration or the revocation, suspension, or refusal to renew the permit to practice of any licensee.

(2) The cancellation, revocation, suspension, or refusal to renew the authority of the firm or any owner thereof, to practice public accounting in any other state for any just cause other than failure to pay an annual registration fee in the other state.

CREDIT(S)

(Acts 1973, No. 997, p. 1510, § 12; Acts 1995, No. 95-516, p. 1038, § 1.)

§ 34-1-14. Hearings; judicial review. *Current through the end of the 2010 Regular Session.*

(a) *Commencement of proceeding.* The board may initiate proceedings under this chapter either on its own motion or on the complaint of any person.

(b) *Notice; service and contents.* A written notice stating the nature of the charge or charges against the accused and the time and place of the hearing before the board on such charges shall be served on the accused not less than 30 days prior to the date of said hearing

either personally or by mailing a copy thereof by registered or certified mail to the address of the accused last known to the board.

(c) *Failure to appear.* If, after having been served with the notice of hearing as provided for herein, the accused fails to appear at said hearing and defend, the board may proceed to hear evidence against him or her and may enter such order as shall be justified by the evidence, which order shall be final unless he or she petitions for a review thereof as provided herein; provided, that within 30 days from the date of any order, upon a showing of good cause for failing to appear and defend, the board may reopen the proceedings and may permit the accused to submit evidence in his or her behalf.

(d) *Counsel; witnesses; cross-examination.* At any hearing the accused may appear in person or by counsel, produce evidence and witnesses on his or her own behalf, cross-examine witnesses and examine such evidence as may be produced against him or her. A professional association or corporation may be represented before the board by counsel or by a shareholder who is a certified public accountant or public accountant of this state in good standing. The accused shall be entitled, on application to the board, to the issuance of subpoenas to compel the attendance of witnesses on his or her behalf.

(e) *Subpoenas; testimony; deposition.*

(1) In all matters pending before it, the board shall have the power to issue subpoenas and compel the attendance of witnesses and the production of all necessary papers, books and records, documentary evidence and materials, or other evidence. Any person failing or refusing to appear or testify regarding any matter about which he or she may be lawfully questioned or to produce any papers, books, records, documentary evidence, or materials or other evidence in the matter to be heard, after having been required by order of the board or by subpoena of the board to do so, may, upon application by the board to any circuit judge of the State of Alabama, be ordered to comply therewith, and upon failure to comply with the order of the circuit judge, the court may compel obedience by attachment as for contempt, as in the case of disobedience of a similar order or subpoena issued by the court. The chairman and the secretary of the board shall have the authority to issue subpoenas, and any board member shall have authority to administer oaths to witnesses or to take their affirmation. A subpoena or other process or paper may be served upon any person named therein, anywhere within the State of Alabama, with the same fees and mileage, by any officer authorized to serve subpoenas or such other process or paper in civil actions, in the same manner as is prescribed by law for subpoenas issued out of the circuit courts of this state, the fees and mileage and other costs including witness fees and mileage to be paid as the board directs.

(2) Deposition may be taken within or without the State of Alabama in the manner provided for by the laws of Alabama and the Alabama Rules of Civil Procedure for the taking of depositions in matters pending in the circuit courts of this state. The depositions shall be returnable to the clerk of the circuit court of the county wherein the hearing before the board is pending, and the clerk shall deliver the depositions to the board upon request, and the depositions may be opened or used by the parties to the proceedings the same as is provided for in matters pending before the circuit courts.

The circuit court shall, upon request of any interested party in any proceedings before the board, issue commissions for the taking of depositions in the same manner as is provided by law for the issuance of commissions for the taking of depositions in matters pending before the circuit courts of this state.

(f) *Evidence.* The board shall not be bound to observe formal rules of pleading or evidence.

(g) *Record.* A stenographic record of hearings shall be kept and a transcript thereof filed with the board.

(h) *Attorney for the board.* At all hearings, the Attorney General of this state, or one of his or her assistants designated by him or her, or such other legal counsel as may be employed by the board, shall appear and represent the board and participate in the presentation of any matter before the board.

(i) *Decision.* Any decision of the board shall be by majority vote thereof.

(j) *Review by court.*

(1) Anyone adversely affected by any order of the board may obtain a review thereof by filing a written petition for review with the Circuit Court of Montgomery County within 30 days after the entry of the order. The petition shall contain or have attached thereto a true copy of the order complained of and shall state the grounds upon which the review is asked and shall pray that the order of the board be modified or set aside in whole or in part. A copy of such petition shall be forthwith served upon any member of the board, and thereupon the board shall certify and file in the court a copy of its order and a complete transcript of the record upon which the order complained of was entered. The case shall then be tried and heard on the record made before the board, without the introduction of new or additional evidence, but the parties shall be permitted to file briefs. The court may affirm, modify, or set aside the board's order in whole or in part, or may remand the case to the board for further evidence, and may, in its discretion, stay the effect of the board's order pending its determination of the case. The court's decision shall have the force and effect of a judgment.

(2) From the judgment of the circuit court, either the board or the affected party who invoked the review may appeal directly to the Supreme Court of Alabama by taking such appeal within 42 days after the date of the making of and entering of its judgment by the circuit court. The affected party so appealing shall give security for the costs of such appeal to be approved by the register or clerk of the circuit court. No such security shall be required of the board.

CREDIT(S)

(Acts 1973, No. 997, p. 1510, § 13.)

§ 34-1-15. Reinstatement of certificate, registration, or permit. *Current through the end of the 2010 Regular Session.*

Upon application in writing and after hearing, pursuant to notice, the board may issue a new certificate to a certified public accountant whose certificate shall have been revoked, may allow the reregistration of anyone whose registration has been revoked, may reissue or modify the suspension of any permit to practice public accounting which has been revoked or suspended, or may restore or modify the suspension of any practice privilege granted pursuant to Section 34-1-7 which has been revoked or suspended.

CREDIT(S)

(Acts 1973, No. 997, p. 1510, § 14; Act 2009-620, p. 1794, § 1.)

§ 34-1-16. Acts declared unlawful. *Current through the end of the 2010 Regular Session.*

No person shall assume or use the title or designation "certified public accountant," the abbreviation "CPA" or any other title, designation, words, letters, abbreviation, sign, card, or device tending to indicate that the person is a certified public accountant, unless the person has received a certificate as a certified public accountant under Section 34-1-4 and if in public practice, holds a permit issued under Section 34-1-11, which is not revoked or suspended, hereinafter referred to as a live permit, and all of the offices of the person in this state for the

practice of public accounting are maintained and registered as required under Section 34-1-10, or the person is practicing pursuant to Section 34-1-7; provided, however:

(1) A foreign accountant who has registered under Section 34-1-5 and who holds a live permit issued under Section 34-1-11 may use the title under which he or she is generally known in his or her country, followed by the name of the country from which the certificate, license, or degree was received.

(2) No firm with an office in this state shall provide attest services or assume or use the title or designation "certified public accountants" or the abbreviation "CPAs" or any other title, designation, words, letters, signs, abbreviation, card, or device tending to indicate that the firm is composed of certified public accountants, unless the firm is registered as a firm of certified public accountants under Section 34-1-6, holds a live permit issued under Section 34-1-11, and all of the offices of the firm in this state for the practice of public accounting are maintained and registered as required under Section 34-1-10, and ownership of the firm is in accord with this chapter and rules promulgated by the board.

(3) No person shall assume or use the title or designation "public accountant," the abbreviation thereof, or any other title, designation, words, letters, abbreviation, sign, card, or device tending to indicate that the person is a public accountant, unless the person is registered as a public accountant under Section 34-1-8, holds a live permit issued under Section 34-1-11, and all of the offices of the person in this state for the practice of public accounting are maintained and registered as required under Section 34-1-10 or unless the person has received a certificate as a certified public accountant under Section 34-1-4, holds a live permit issued under Section 34-1-11, and all of the offices of the person in this state for the practice of public accounting are maintained and registered as required under Section 34-1-10.

(4) No firm shall provide attest services or assume or use the title or designation "public accountant" or any other title, designation, words, letters, abbreviation, sign, card, or device tending to indicate that the firm is composed of public accountants, unless the firm is registered as a firm of public accountants under Section 34-1-9, or as a firm of certified public accountants under Section 34-1-5, holds a live permit issued under Section 34-1-11, and all of the offices of the firm in this state for the practice of public accounting are maintained and registered as required under Section 34-1-10.

(5) No person or firm shall assume or use the title or designation "accredited accountant," "certified accountant," "chartered accountant," "enrolled accountant," "licensed accountant," "registered accountant," or any other title or designation likely to be confused with "certified public accountant" or "public accountant," or any of the abbreviations "AA," "CA," "LA," "RA," or similar abbreviations likely to be confused with "CPA" or "PA." The title "enrolled agent" or "EA" may be used by only individuals so designated by the Internal Revenue Service. Notwithstanding the foregoing, any person who holds a live permit issued under Section 34-1-11, and all of whose offices in this state for the practice of public accounting are maintained and registered as required under Section 34-1-10, or who is practicing pursuant to Section 34-1-7, may hold himself or herself out to the public as an "accountant" or "auditor." A foreign accountant registered under Section 34-1-5 who holds a live permit issued under Section 34-1-11 and all of whose offices in this state for the practice of public accounting are maintained and registered as required under Section 34-1-10 may use the title under which he or she is generally known in his or her country, followed by the name of the country from which he or she received the certificate, license, or degree.

(6) No person shall sign or affix his or her name or any trade or assumed name used in the person's profession or business, with any wording indicating that he or she has expert knowledge in accounting or auditing, to any opinion or certificate attesting in any way to the reliability of any representation or estimate in regard to any person or organization embracing financial information or facts respecting compliance with conditions established by law or contract, including but not limited to statutes, ordinances, regulations, grants, loans, and appropriations, unless he or she holds a live permit issued under Section 34-1-11, and all of the offices in this state for the practice of public accounting are maintained and registered under Section 34-1-10, or unless the person is practicing pursuant to Section 34-1-7. Notwithstanding the foregoing, this subdivision shall not prohibit any officer, employee, partner, or principal of any organization from affixing his or her signature to any statement or report in reference to the financial affairs of the organization with any wording designating the position, title, or office which he or she holds in the organization, nor shall this subdivision prohibit any act of a public official or public employee in the performance of their duties.

(7) No person shall sign or affix the name of the firm, with any wording indicating that it is a firm composed of accountants or auditors or persons having expert knowledge in accounting or auditing, to any opinion or certificate attesting in any way to the reliability of any representation or estimate in regard to any person or organization embracing financial information or facts respecting compliance with conditions established by law or contract, including but not limited to statutes, ordinances, regulations, grants, loans, and appropriations, unless the firm holds a live permit issued under Section 34-1-11, and all of its offices in this state for the practice of public accounting are maintained and registered as required under Section 34-1-10, or the person is practicing pursuant to Section 34-1-7.

(8) No person shall assume or use the title or designation "certified public accountant" or "public accountant" in conjunction with names indicating or implying that there is a firm, in conjunction with the designation "and company" and "and co." or a similar designation if there is in fact no bona fide firm registered under Section 34-1-6 or Section 34-1-9, unless the person is practicing pursuant to Section 34-1-7. No person holding a certificate or registration or firm holding a permit under this chapter or person practicing pursuant to Section 34-1-7 shall use a professional or firm name or designation that is misleading about the legal form of the firm, or about the persons who are partners, officers, members, managers, or shareholders of the firm, or about any other matter. This section shall not prevent a firm or its successors from continuing to practice under a firm name which consists of or includes the name or names of one or more former owners.

(9) Only licensees holding a valid permit to practice or practicing pursuant to Section 34-1-7 may issue a report on financial statements of any other person, firm, organization, or governmental unit or otherwise offer to render any attest service, as defined herein. This restriction does not prohibit any act of a public official or public employee in the performance of that person's duties as such; or prohibit the performance by any person of other services involving the use of accounting skills, including the preparation of tax returns, management advisory services, and the preparation of financial statements without the issuance of reports thereon. This restriction also does not apply to nonlicensees, who may prepare financial statements and issue reports thereon which do not purport to be in compliance with the Statements on Standards for Accounting and Review Services (SSARS).

(10) Licensees performing attest or compilation services must provide those services in

accordance with professional standards.

(11) Nonlicensees may not use language in any statement relating to the financial affairs of a person or entity which is conventionally used by licensees in reports on financial statements. In this regard, the board shall issue, by rule, safe harbor language nonlicensees may use in connection with such financial information. Notwithstanding the foregoing, nonlicensees may use the following disclaimer language in connection with financial statements to not be in violation of this chapter:

"I (We) have prepared the accompanying (financial statements) of (name of entity) as of (time period) for the (period) then ended. This presentation is limited to preparing in the form of financial statements information that is the representation of management (owners).

"I (We) have not audited or reviewed the accompanying financial statements and accordingly do not express an opinion or any other form of assurance on them."

(12) No holder of a certificate issued under Section 34-1-4 or a registration issued under Section 34-1-8, except a person practicing pursuant to Section 34-1-7, shall perform attest services in any firm that does not hold a valid permit to practice issued under Section 34-1-11.

(13) No individual licensee shall issue a report in standard form upon a compilation of financial information through any form of business that does not hold a valid permit issued under Section 34-1-11 unless the report discloses the name of the business through which the individual is issuing the report, and the individual:

a. Signs the compilation report identifying the individual as a certified public accountant or public accountant.

b. Undergoes no less frequently than once every three years, a peer review conducted in such manner as the board shall by rule specify.

(14) Nothing herein shall prohibit a practicing attorney or firm of attorneys from preparing or presenting records or documents customarily prepared by an attorney or firm of attorneys in connection with the attorney's professional work in the practice of law.

CREDIT(S)

(Acts 1973, No. 997, p. 1510, § 15; Acts 1995, No. 95-516, p. 1038, § 1; Act 2003-393, p. 1114, § 1; Act 2009-620, p. 1794, § 1.)

§ 34-1-17. Acts not prohibited. *Current through the end of the 2010 Regular Session.*

(a) Nothing contained in this chapter shall prohibit any person not a certified public accountant or public accountant from serving as an employee of, or an assistant to, a certified public accountant, a public accountant, or a firm composed of certified public accountants or public accountants holding a permit to practice issued under Section 34-1-11; or a foreign accountant registered under Section 34-1-5, or a person practicing pursuant to Section 34-1-7; provided, that the employee or assistant shall not issue any accounting or financial statements over his or her name.

(b) Nothing contained in this chapter shall prohibit a certified public accountant of another state, or an accountant who holds a certificate, license, or degree in a foreign country, constituting a recognized qualification for the practice of public accounting in the country, from practicing in this state in conformity with Section 34-1-7 and the regulations and rules of professional conduct promulgated by the board.

CREDIT(S)

(Acts 1973, No. 997, p. 1510, § 16; Acts 1995, No. 95-516, p. 1038, § 1; Act 2009-620, p.

1794, § 1.)

§ 34-1-18. Injunctions against unlawful acts. *Current through the end of the 2010 Regular Session.*

Whenever it appears to the board that any person has engaged, or is about to engage, in any acts or practices which constitute or will constitute a violation of Section 34-1-16, the board may in its own name bring action in an appropriate court for an order enjoining such acts or practices, and upon a showing by the board that such person has engaged, or is about to engage, in any such acts or practices, an injunction, restraining order or such other order as may be appropriate may be granted by such court without bond; and, such proceeding may be maintained regardless of whether proceedings have been or may be instituted before the board, or whether criminal proceedings have been or may be instituted.

CREDIT(S)

(Acts 1973, No. 997, p. 1510, § 17.)

§ 34-1-19. Misdemeanors; penalties. *Current through the end of the 2010 Regular Session.*

Any person who violates any provision of Section 34-1-16 shall be guilty of a misdemeanor and, upon conviction thereof, shall be fined not more than \$500.00, and may also be imprisoned in the county jail, or sentenced to hard labor for the county for not more than 12 months.

CREDIT(S)

(Acts 1973, No. 997, p. 1510, § 18.)

§ 34-1-20. Evidence of unlawful practice. *Current through the end of the 2010 Regular Session.*

The display or uttering by a person of a card, sign, advertisement, or other printed, engraved, or written instrument or device, bearing a person's name in conjunction with the words "certified public accountant" or any abbreviation thereof, or "public accountant" or any abbreviation thereof, shall be prima facie evidence in any action brought under Section 34-1-18 or 34-1-19 that the person whose name is so displayed caused or procured the display or uttering of such card, sign, advertisement, or other printed, engraved, or written instrument or device, and that such person is holding himself out to be a certified public accountant or a public accountant holding a permit to practice under Section 34-1-11, or practicing pursuant to Section 34-1-7. In any such action, evidence of the commission of a single act prohibited by this chapter shall be sufficient to justify an injunction or a conviction without evidence of a general course of conduct.

CREDIT(S)

(Acts 1973, No. 997, p. 1510, § 19; Act 2009-620, p. 1794, § 1.)

§ 34-1-21. Ownership of accountants' working papers. *Current through the end of the 2010 Regular Session.*

(a) All statements, records, schedules, working papers, and memoranda made by a certified public accountant or public accountant incident to or in the course of professional service to clients by the accountant, except reports submitted by a certified public accountant or public accountant to a client, shall be and remain the property of the accountant, in the absence of an express written agreement between the accountant and the client to the contrary. No statement, record, schedule, working paper, or memorandum shall be sold, transferred, or bequeathed, without the consent of the client or the personal representative or assignee of the client, to anyone other than one or more surviving owners or new owners of the firm of the accountant. All statements, records, schedules, working papers, or memoranda prepared by a certified public

accountant or public accountant in the performance of a practice monitoring program or peer review, conducted by the board shall be and become the property of the board immediately upon preparation or compilation, and shall be remitted to the board promptly upon completion of the review. The board may retain, archive, or destroy all or any portion of same. The information shall be deemed confidential. Notwithstanding the foregoing, nothing in this section shall be construed as prohibiting the disclosure of information required to be disclosed by the standards of the public accounting profession in effect from time to time with respect to reporting on the examination of financial statements or as prohibiting the disclosure in court proceedings, in investigations or proceedings conducted by the board or the designees of the board, or in ethical investigations conducted by private professional organizations. In addition, nothing in this section shall be construed as prohibiting any temporary transfer of workpapers or other material necessary in the course of carrying out peer reviews.

(b) A licensee shall furnish to a client or former client, upon request and reasonable notice:

(1) A copy of the licensee's working papers, to the extent that such working papers include records that would ordinarily constitute part of the client's records and are not otherwise available to the client.

(2) Any accounting or other records belonging to, or obtained from or on behalf of, the client that the licensee removed from the client's premises or received for the client's account; the licensee may make and retain copies of such documents of the client when they form the basis for work done by the licensee.

CREDIT(S)

(Acts 1973, No. 997, p. 1510, § 20; Acts 1995, No. 95-516, p. 1038, § 1; Act 2003-393, p. 1114, § 1.)

§ 34-1-22. Disposition of fees and charges; disbursements. *Current through the end of the 2010 Regular Session.*

All fees and charges provided for in this chapter shall be paid to the board and, upon collection thereof, shall be deposited in the State Treasury to the credit of the Alabama State Board of Public Accountancy, except for the examination fees collected by the board's designee as provided for in Section 34-1-4. The State Treasurer shall keep all moneys in a separate fund to be known as "Fund of the Alabama State Board of Public Accountancy," which fund shall be expended and drawn against solely for the purposes of this chapter as herein provided. For the purpose of carrying out the objects of this chapter and for the exercise of the powers herein granted, the board shall have the power to direct the disbursement of the fund. All compensation, expenses, and charges incurred for the purposes of this chapter shall be paid from the fund and shall be paid on warrant of the state Comptroller upon certificate or voucher of the treasurer of the board, and of such separate fund such sums as are necessary are hereby appropriated. No compensation, expenses, or charges incurred under this chapter shall be a charge against the general funds of this state, and no part of the special fund herein provided shall revert to the general funds of the state. Fees and charges provided for in this chapter shall be in addition to any licenses which are now or may hereafter be levied on behalf of the state or any political subdivision thereof.

CREDIT(S)

(Acts 1973, No. 997, p. 1510, § 22; Act 2003-393, p. 1114, § 1.)

Board Members



J. Lamar Harris, CPA
Executive Director

ALABAMA STATE BOARD OF PUBLIC ACCOUNTANCY

RSA Plaza Suite 226
770 Washington Avenue
Montgomery, AL 36104-3807
334/242-5700
In-state WATS: 1-800-435-9743
Fax: 334/242-2711
www.asbpa.alabama.gov

Mailing Address:
P.O. Box 300375
Montgomery, AL 36130-0375

April 27, 2011

Mr. Daniel Dupree
Accounts Examiner
Examiners of Public Accounts
P.O. Box 302251
Montgomery, Alabama 36130-2251

Dear Mr. Dupree:

This is in response to your request for a list of current members and agency head of the Alabama State Board of Public Accountancy.

CURRENT BOARD MEMBERS AND AGENCY HEAD:

Steven H. Richards, CPA, Chair KPMG LLP Vestavia Hills, AL	Appointed: 12-20-07 Term Begins: 10-01-07 Term Expires: 09-30-11 Senate Conf.: 05-06-08
Walter F. "Peter" D'Olive, III, CPA, Vice Chair Wilkins Miller Hieronymus, LLC Mobile, AL	Appointed: 12-09-08 Term Begins: 10-01-08 Term Expires: 09-30-12 Senate Conf.: 04-23-09
Neill S. Wright, Secretary First Tuskegee Bank Montgomery, AL	Appointed: 12-20-07 Term Begins: 10-01-07 Term Expires: 09-30-11 Senate Conf.: 05-06-08
Kenneth R. Odom, CPA, Member Rabren Odom Pierce & Hayes, P.C. Andalusia, AL	Appointed: 12-22-06 / 09-13-10 Term Begins: 10-01-06 / 10-01-10 Term Expires: 09-30-10 / 09-30-14 Senate Conf.: 05-31-07 / 12-09-10

Mr. Daniel Dupree
April 27, 2011
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John C. Patterson, PA, Member
Calera, AL

Appointed: 08-15-01 / 12-20-07
Term Begins: 10-01-01 / 10-01-05
Term Expires: 09-30-05 / 09-30-09
Senate Conf.: 04-11-02 / 05-06-08

NOTE: Mr. Patterson's term has expired but he continues to serve until his replacement is appointed by the governor and confirmed by the Senate pursuant to the provisions of Section 34-1-3 of the Code of Alabama 1975.

David E. Scott, CPA, Member
Tucker Scott & Wates, LLC
Decatur, AL

Appointed: 10-15-03 / 12-20-07
Term Begins: 10-01-03 / 10-01-07
Term Expires: 09-30-07 / 09-30-11
Senate Conf.: 02-10-04 / 05-06-08


M. Chad Singletary, CPA, Member
Carr Riggs & Ingram, LLC
Montgomery, AL

Appointed: 11-13-09
Term Begins: 10-01-09
Term Expires: 09-30-13
Senate Conf.: 03-23-10

J. Lamar Harris, CPA, Executive Director Appointed: August 31, 1996
Alabama State Board of Public Accountancy Term Expires: Indefinite
Montgomery, AL

If you have any questions, please call me at 242-5700.

Sincerely,



J. Lamar Harris, CPA
Executive Director

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